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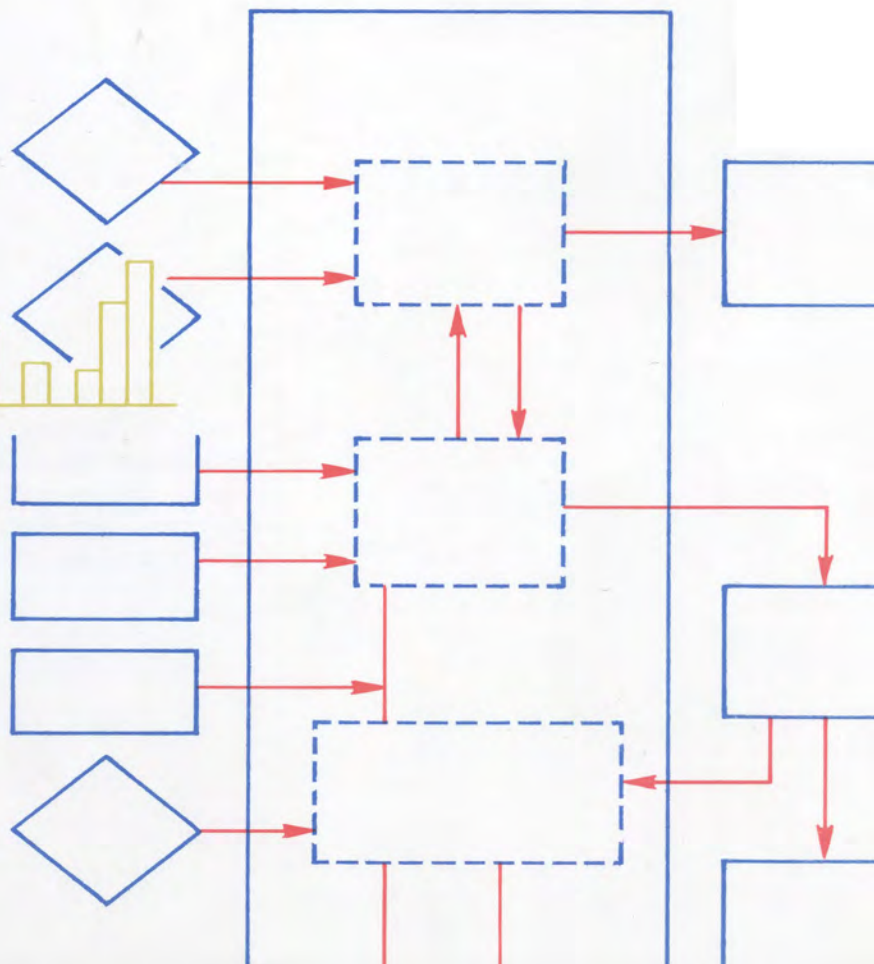
HOUSING CANADIANS: Essays on the History  
of Residential Construction in Canada

by John T. Saywell

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**1975**



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## RÉSUMÉ

Les Canadiens ont consacré plus de cent milliards de dollars au logement depuis la Confédération. Toutefois, l'historique de ce processus est très peu connu. Dans *Housing Canadians*, nous avons tenté de ramasser les meilleures données statistiques pour l'ensemble du pays, et de mettre au point quelques nouvelles données pour certaines villes particulières. Nous avons également abordé le processus de la construction domiciliaire, à partir de la documentation historique et descriptive disponible, en particulier dans les quatre principaux centres urbains du Canada. De plus, nous faisons une brève description des sources de financement depuis les jours où les intermédiaires financiers étaient relativement peu importants jusqu'à aujourd'hui alors qu'avec l'Etat, ils fournissent plus de 80 % de tout le financement des constructions domiciliaires. Enfin, nous retraçons le développement de la politique du logement depuis le moment où les gouvernements ont commencé à s'y intéresser avant la Première Guerre mondiale.

Les conclusions auxquelles mène ce qui n'est tout au plus qu'une série d'essais ne sont ni sensationnelles ni même nouvelles. Sauf pour quelques reculs en période de croissance rapide ou de récession aigue, le logement s'est continuellement amélioré au Canada depuis un siècle. Par contre, durant ce temps, les familles à faible revenu ont rarement réussi à accéder à la propriété de leur demeure, objectif pourtant tenu pour très important à peu près partout au pays. Ce qui est vrai aujourd'hui pour ceux qui ne disposent que d'un revenu modique ou même moyen dans les grands centres urbains a toujours été vrai, mais la situation s'est empirée par suite de l'escalade spectaculaire des coûts des terrains et du processus de plus en plus complexe de la construction et de l'acquisition des maisons.

Dans l'ensemble, sur le plan technique, l'industrie de la construction a toujours été en mesure de répondre à la demande. Le plus souvent, les maisons ont été construites par de petites entreprises qui les produisaient à contrat ou pour la vente. (Même aujourd'hui, la majorité des constructeurs de maisons ne produisent que de 25 à 50 unités par année.) Occasionnellement, il y a eu pénurie de main-d'oeuvre spécialisée et de certains matériaux de construction, et la plupart du temps, le constructeur a été incapable d'exercer une influence sur l'offre et le coût de la main-d'oeuvre et des matériaux. Ce qui est encore plus important, toutefois, il n'a pas toujours réussi à disposer des deux autres éléments essentiels, le terrain et le financement. Au vingtième siècle, ces derniers prenant de plus en plus d'importance, le constructeur de maisons est devenu de moins en moins maître de sa propre destinée. C'est sans doute ce qui a donné lieu à la venue, après 1945, du constructeur-lotisseur, qui fait l'acquisition de grands domaines et peut disposer des capitaux nécessaires, tandis que l'Etat créait son propre organisme de financement.

La politique publique du logement a été lente à apparaître. Elle ne visait d'abord que la réglementation de la construction et du zonage afin de protéger la collectivité contre l'incendie et la maladie, et occasionnellement la tranche supérieure de la classe moyenne contre l'érosion de son environnement par les habitations pour personnes à faible revenu. Tous les échelons de gouvernement ont recherché la croissance absolue, et les municipalités ont prodigué leur attention et leur aide aux nouvelles industries, dans l'espoir que le marché pourrait répondre à la demande de logements. Bien que la défaillance du marché soit devenue évidente dès 1914, très peu d'initiatives ont été prises pour y remédier, et ce n'est

que vers la fin de la dépression qu'une véritable politique publique a commencé à prendre forme. Au début, l'intervention de l'Etat dans le domaine du logement était perçue simplement comme un mécanisme générateur d'emplois, mais les rudiments d'une politique sociale apparaissaient déjà en 1945. Trente ans plus tard, la politique du logement se traduit, pour la plupart des Canadiens, par un mélange déconcertant de politique économique et sociale, et par la présence embarrassante et paradoxale de la pauvreté du logement au sein d'une économie prospère; elle est aussi à leurs yeux un exemple de la complexité de la production moderne, les analystes identifiant plus d'une centaine de maillons différents dans la chaîne d'interventions humaines qui relie l'acquisition du terrain à la prise de possession de la maison.

## SUMMARY

Canadians have spent over one hundred billion dollars on housing since Confederation. Yet remarkably little is known of the historical process. In Housing Canadians we have attempted to bring together the best statistical material for the nation as a whole, as well as develop some new data for specific cities. We have also attempted to examine the process of housing construction from such descriptive historical literature as remains, particularly for Canada's four major urban centres. Some effort also has been made to describe sources of finance from the days when financial intermediaries were relatively unimportant until the present when they and the state are responsible for over 80 per cent of housing finance. Finally the development of housing policy has been traced since governments first became concerned before the first war.

The conclusions of what is at best a series of essays are neither new or startling. With a few setbacks in times of rapid growth or sharp recessions, Canadians have been continually better housed over the past century. At the same time, however, the ownership of an adequate home - which in most parts of Canada has always been an important goal - has seldom been within the reach of low income earners. What is true today for the bulk of those with low and even average incomes in large urban centres has always been true, although the problem became worse as land costs and the increasingly complex real

estate-house building process escalated costs dramatically.

On the whole the construction side of the housing industry has always been able to meet demand in a technical sense. Generally the house builder has been a small operator, building a few units annually as a merchant builder or on contract. (Even today the majority of residential builders construct between 25 and 50 units a year.) There have occasionally been shortages of skilled labour and some construction materials, and the builder has often had very little control over either the supply or the cost of labour and materials. More important, however, he has lacked control over the two other essentials - the supply of land and of money. As these became more important during the twentieth century the house builder became less and less the master of his own destiny. To some extent the response, if not the solution, emerged after 1945 with the emergence of the developer-builder, who acquired large land holdings and had access to capital, and the appearance of the state as a financier.

Public policy on housing was slow to develop, contenting itself with building and zoning regulations to protect the health and welfare of the community against fire and disease and, occasionally, protecting the upper middle class against the environmental ravages of low income housing. All levels of government sought to maximize absolute growth, and municipalities lavished attention and aid on new industries assuming that the market would supply the housing. Although the evidence of market failure was apparent before 1914, and there were a few gestures towards remedial action, it was not until the end of the



depression that public policy began seriously to develop. Initially, state intervention in the housing field was seen simply as an employment-generating mechanism, although by 1945 the beginnings of a social policy could be seen. Thirty years later housing policy to most Canadians remained a baffling mixture of economic and social policy, an embarrassing and paradoxical presence of housing poverty in the midst of economic plenty, and a case study in the complexity of modern commodity production as analysts identified upwards of one hundred human links in the chain which led from land acquisition to the final purchase of a house.

PREFACE

Housing Canadians: essays on the history of residential construction in Canada is the third of a series of essays on the history of construction in Canada, written as background studies for the Economic Council's report *Toward More Stable Growth in Construction*.<sup>\*</sup> Ultimately the essays may be worked into a monograph, but they are presented as discussion papers to benefit from informed criticism while research and writing continue on the rest of the study. I have taken a topical, rather than a thematic or chronological, approach to the history of construction, and other discussion papers will deal with the history of hydro-electricity, transportation, pulp and paper, resource towns, the construction labour force, and the organization of the industry. Each essay is more or less self-contained, an organizational reflection of my conclusion that there is really no such animal as the construction industry. There is hydro construction, railway construction, and housing construction; but there is no comparability between the decisions leading to house building and the expansion of pulp and paper capacity, between iron ore developments that create new towns in Quebec-Labrador and the paving of roads on Vancouver Island. Nor do self-supporting saw-and-hammer builders and big project contractors or major urban developers possess even a common working vocabulary. Some conclusions will emerge from the series of essays and some aspects of each are left for an overall analysis, but for the moment each is published for comment as a self-contained study.

<sup>\*</sup>The first, *One More River*, has been released as Discussion Paper No. 20. The second, *Across Mountain and Muskeg: Building the Canadian Transportation System*, has been released as Discussion Paper no. 22.

## INTRODUCTION

Canadians have invested one hundred billion dollars in housing since Confederation, and are likely to spend well over another hundred billion by 2000. Between 1970 and 1973 almost \$22 billion of the \$67 billion construction bill was spent on housing. Yet Canadian housing has been inadequately measured by the statistician, deplored by the social worker, condemned by the architect, and ignored by the historian. Where is Innis, *The Problems of Housing Production?* Creighton, *McTavish: The Young Housebuilder?* Berton, *The National Scandal?* or, despite its enormous potential, Hailey, *Apartment?*

Housing is perhaps the most elusive of all construction activities. Each home represents an individual decision, ultimately unique. Those millions of decisions have in turn been influenced by a host of private and public decisions concerning household formation, migration and immigration, and industrial and transportation locations, as well as changing social customs and consumer preferences, access to finance, and, perhaps above all, the level of personal disposable income. Moreover, access to housing may be dependent upon the decisions of industry to build new towns, of developers and builders to create new suburban communities, of municipal officials to pursue a policy of downtown redevelopment or suburban expansion, or of senior governments to encourage or discourage housing construction. The

construction industry responds to the demand by means ranging from own-account building or the small self-employed builder, to the giant developer who may at any time have thousands of single family and multiple family dwellings under construction.

Throughout its history Canadian housing reveals the complexities that seem to baffle contemporary policy makers. The immobility, durability and high initial cost of housing have meant that the problem has been one not simply of the aggregate amount of housing stock in existence, but its location and kind in relation to the movement, growth, and composition of the population, levels of income, household formation and family size.<sup>1/</sup> Even farsighted planning on a national level could not have completely anticipated the regional and

<sup>1/</sup> There will be no attempt in this essay to discuss the literature on short-term and long-term models of housing construction, whether written by housing analysts who focus on the operations of the housing market or economists more interested in investment or business cycles. It is reasonable to state, however, that none of the Canadian authors have yet approached the kind of analysis of long-term trends apparent in the American literature. A good review of the earlier literature is in Leo Grebler and S. J. Maisel, "Determinants of residential construction: a review of present knowledge," Impacts of Monetary Policy, Commission on Money and Credit, (New York 1963), 475-620. See also Moses Abramovitz, Evidences of long swings in aggregate construction since the Civil War, National Bureau of Economic Research, Occasional Papers 90, (New York 1964), and Manuel Gottlieb, Estimates of Residential Building, United States, 1840-1939, National Bureau of Economic Research, Technical Paper 17, (New York 1964). The statistical and economic literature in Canada is dominated by the works cited throughout this paper by Marion Steele, Lawrence Smith, Joseph Chung, O. J. Firestone, and Kenneth Buckley. While studies of the post-1945 period suggest a close relationship between short-term swings and the flow of funds to residential construction, both earlier short-term studies and analysis of long cycles do not. (See Grebler and Maisel, "Determinants of residential construction," 490.) We assume here that the variables are household formation, real income, rent and cost of construction, credit, and consumer choice but make no attempt to create even a qualitative or verbal model.

occupational pattern of Canadian economic and social development. Private enterprise has found it impossible. Housing has seldom kept pace with urban population growth, and low income groups have always been inadequately housed in urban Canada. The house building industry was too diffuse to predict demand or not to lag in supply. However, the history of housing construction in Canada suggests there has been no economic or technical obstacles in the long run on the supply side. The Canadian record supports the conclusion reached by numerous American studies "that real resources for residential construction, at least in the long run, are potentially available in such volume that their supply will meet effective demand at current prices, and that there are consequently no significant economic problems other than price problems associated with the supply side. The availability of land, building materials, labour and contractors and other entrepreneurs, as well as an effective market organization that allows all these input factors to be brought together, is taken for granted." <sup>2/</sup>

Public policy on housing has been very slow in developing. Until very recently public policy - at all levels of government - was directed towards maximizing the economic growth of nation, region, or municipality. The state aided industrial development and encouraged population growth, implicitly assuming that private enterprise would provide the necessary housing, as it would the provision of other goods and services for a rapidly growing state-aided urban and

<sup>2/</sup> Grebler and Maisel, "Determinants of Residential Construction," 479.

industrial society. Moreover, in refusing to control the allocation and cost of land, or to interfere in the determination of incomes by the marketplace, but insisting on ever higher standards of safety and sanitation, the state also compounded the problem by helping to force costs of legally adequate housing beyond the means of an increasingly large number of Canadians. As a result, the history of Canadian housing often reveals the paradox of housing poverty in the midst of economic plenty, of hopeless overcrowding amid thousands of homes to rent.

#### Statistical Overview

As economists who have worked in the housing field, even in the period since 1945, know only too well there is a serious shortage of accurate information on all aspects of housing. As Kenneth Buckley observed in his introduction to the housing statistics section of *Historical Statistics of Canada*: "The problem of an accurate valuation of dwelling units has been pointed out in the discussion of the official estimates.... This is obviously a much more acute problem in these historical estimates. What is needed is a city by city search for firm data in historical records that must exist but which have not been investigated...."<sup>3/</sup> The problems are many: constantly changing

<sup>3/</sup> M. C. Urquhart and K. A. H. Buckley, *Historical Statistics of Canada*, (Toronto 1965), 501.

census definitions, either planned or accidental; questions posed by divided jurisdictions - federal, provincial and municipal; motives that lie behind the collection and analysis of data, whether it be Central Mortgage and Housing, municipal assessment officers, or the local building inspectors; and the very nature of residential construction and conversion. For the historian there is one additional but basic problem: the almost complete absence of any descriptive historical records, of either the growth or the nature of construction. House building and house builders may be part of the iceberg of Canadian construction, but they have never been part of the tip.

Since 1871 the Canadian census has provided a decennial record of Canadian housing stock, although the pattern changes from census to census in such a way as to make the information unreliable. Until 1941 the basic problem lies in the definition used, and a justifiable uncertainty as to how the definitions were actually applied by thousands of enumerators. The Statistics Act defined a house or a dwelling as a building. Regardless of the number of units contained inside, a building was to be counted as one if there was only one entrance, or principal entrance; "but if there are two front or principal doors leading into separate parts, the structure will be counted as two houses."<sup>4/</sup>

Yet there is some doubt whether this reasonably straightforward instruction was followed. The introduction to the 1931 census pointed

<sup>4/</sup> Cited in 1901 Census, Vol. I, "Instructions to Officers," xvii.

to the problem of definition and implementation, which if followed would not have reflected the growth of apartments in the 1920s, and observed that some enumerators were obviously counting each apartment unit as a dwelling. The report reiterated that a dwelling is a building or place where one or more people regularly sleep - whether a boat, tent, room in a factory, house or an apartment building. The 1931 enumerators were instructed to count such buildings as one, but to mark "Apartment Building" or "Flat" beside it if it contained more than one dwelling.<sup>5/</sup> Presumably the detailed instructions asked the enumerator to count the units for the final results enabled a clear distinction to be made between units and houses.

To what extent earlier enumerators had counted one building as one or one as many, and to what extent the 1931 enumerators obeyed their instructions is unknown. But one result could be clearly seen in Montreal.

	Single Detached	Semi-Detached	Row or Terrace	Apartments
1921	24.1	19.6	37.5	12.8
1931	10.7	6.9	2.7	149.2

Unaware of the changing census policy, the unwary might conclude that the city had undertaken one of the most massive urban redevelopment and slum clearance programmes in history. Changes in other major

<sup>5/</sup> Cited in 1931 Census Vol. X, "Instructions to Enumerators," xviii. See also Harold F. Greenway, *Housing in Canada*. Census Monograph No. 8, (Ottawa 1941), 39.



centres were not as striking, because Montreal had a large number of non-owner occupied multiple family "dwelling houses."<sup>6/</sup> Nevertheless the census figures are worth something. Table I provides an approximate historical picture of population growth and occupied housing stock over the past century.

Statistically, at least, Table II, giving the numerical increase in population for each additional occupied dwelling unit recorded in the census, suggests a gradual but uneven improvement in the quantity

TABLE II <sup>7/</sup>

Population Increase to Dwelling  
Units: Census decades

	1870s	1880s	1890s	1900s	1911-21	1920s	1930s	1940s	1950s	1960s
Canada		4.	3.7	4.8	4.5	3.4	3.3	2.7	3.7	2.3
P.E.I.		.3	(decrease in population)				5.1	1.4	4.	1.8
N.S.	4.4	2.	1.5	3.9	3.5	2.7	4.	2.4	3.6	1.7
N.B.	4.5	0.	2.7	7.6	3.8	2.1	4.1	2.6	4.3	1.5
P.Q.	4.6	4.3	3.6	7.3	6.1	3.7	4.2	3.3	3.6	1.9
Ont.	4.1	3.9	1.8	4.1	3.7	3.2	3.	3.	3.5	2.5
Man.	4.1	5.	5.4	5.7	4.7	3.2	1.6	1.2	3.8	1.4
Sask.		(		3.9	5.8	4.8	2.7	4.3	3.8	.05
Alta.		( 4.2	5.1	4.1	4.4	4.	3.	2.4	3.9	2.6
B.C.		4.8	4.8	6.1	3.	2.9	3.	2.9	3.8	2.7

<sup>6/</sup> The hopelessness of the Montreal data was seen at the time by Arthur Saint-Pierre who observed that while the 1921 census "comptait 94,895 habitations, maisons ou logements à votre choix" the municipal statistics recorded 38,500 maisons and 123,000 logements. As Saint-Pierre laconically commented: "En rendant aux mots leur signification réelle, leur valeur logique, nous trouvons donc les recenseurs fédéraux ont attribué à Montréal 56,395 maisons en trop, ou bien 28,105 logements en pas assez." Le Problème social: quelques éléments de solution. (Montreal 1926), 97.

<sup>7/</sup> The unreliability of the figures must be re-emphasized. The figures for the 1870s are too unreliable to be used for the country, because of the additions of three new provinces and the territories. If used they would provide a national ratio of 1:2.6.

TABLE 1

## POPULATION GROWTH AND HOUSING STOCK

Province & census year	Population	Occupied dwellings	Persons per dwelling	Province & census year	Population	Occupied dwellings	Persons per dwelling
<b>Canada</b>				<b>Prince Edward Island</b>			
1867	3,641,257			1871	94,021		
1871	3,689,257	(572,713)	6.1	1881	108,891	17,724	6.14
1881	4,268,364	741,355	5.76	1891	109,078	18,389	5.93
1891	4,734,272	856,607	5.53	1901	103,259	18,530	5.57
1901	5,323,957	1,018,015	5.23	1911	93,728	18,237	5.14
1911	7,191,624	1,402,629	5.11	1921	88,615	18,629	4.76
1921	8,775,319	1,764,012	4.97	1931	88,038	18,715	4.70
1931	10,362,833	2,227,020	4.65	1941	95,047	20,079	4.73
1941	11,489,713	2,573,155	4.47	1951	98,429	22,517	4.37
1951	13,622,913	3,349,550	4.07	1961	104,629	24,036	4.35
1961	18,238,247	4,577,211	3.98	1971	111,641	27,880	4.00
1971	21,568,311	6,034,510	3.57				
<b>Nova Scotia</b>				<b>New Brunswick</b>			
1871	387,800	62,501	6.2	1871	285,594	43,579	6.6
1881	440,572	74,154	5.94	1881	321,233	51,166	6.28
1891	450,396	79,102	5.69	1891	321,263	54,718	5.87
1901	459,574	85,313	5.39	1901	331,120	58,226	5.69
1911	492,338	93,784	5.25	1911	351,889	60,930	5.78
1921	523,837	102,807	5.10	1921	387,876	70,428	5.51
1931	512,846	106,854	4.80	1931	408,219	79,976	5.10
1941	577,962	123,184	4.69	1941	457,401	91,881	4.93
1951	642,584	149,922	4.28	1951	515,697	114,353	4.51
1961	737,007	176,132	4.18	1961	597,936	133,363	4.48
1971	786,960	207,510	3.80	1971	634,557	157,635	4.03
<b>Quebec</b>				<b>Ontario</b>			
1871	1,191,516	180,615	6.6	1871	1,620,851	286,018	5.7
1881	1,359,027	216,432	6.28	1881	1,926,922	359,233	5.36
1891	1,488,535	246,644	6.04	1891	2,114,321	406,948	5.20
1901	1,648,898	291,427	5.66	1901	2,182,947	445,310	4.90
1911	2,005,776	340,196	5.90	1911	2,527,292	529,190	4.78
1921	2,360,665	358,267	5.93	1921	2,933,662	637,552	4.60
1931	2,874,255	536,383	5.36	1931	3,431,683	792,047	4.33
1941	3,331,882	644,529	5.17	1941	3,787,655	909,394	4.17
1951	4,055,681	862,599	4.70	1951	4,597,542	1,183,448	3.88
1961	5,259,211	1,197,295	4.39	1961	6,236,092	1,647,707	3.78
1971	6,027,764	1,604,785	3.76	1971	7,703,106	2,225,485	3.46
<b>Manitoba</b>				<b>Saskatchewan</b>			
1871	25,228			1871	48,000		
1881	62,260	12,803	4.86	1881	56,446		
1891	152,506	30,790	4.95	1891	98,967		
1901	255,211	49,734	5.13	1901	91,279	17,645	5.17
1911	461,394	85,720	5.38	1911	492,432	118,283	4.16
1921	610,118	117,541	5.19	1921	757,510	163,661	4.63
1931	700,139	145,577	4.81	1931	921,785	197,572	4.67
1941	729,744	163,655	4.46	1941	895,992	207,173	4.32
1951	776,541	202,958	3.83	1951	831,728	222,235	3.74
1961	921,636	240,261	3.82	1961	925,181	246,712	3.75
1971	988,247	283,370	3.43	1971	926,242	267,565	3.46
<b>Alberta</b>				<b>British Columbia</b>			
				1871	36,247		
				1881	49,459	9,793	5.05
				1891	98,173	20,016	4.90
1901	73,022	14,842	4.92	1901	178,657	36,938	4.84
1911	374,295	87,672	4.27	1911	392,483	74,677	5.26
1921	588,454	136,125	4.32	1921	524,582	119,003	4.41
1931	731,605	171,670	4.26	1931	694,263	178,206	3.90
1941	756,169	193,246	4.12	1941	817,861	220,014	3.72
1951	939,501	251,871	3.73	1951	1,165,210	339,587	3.43
1961	1,331,944	351,433	3.78	1961	1,629,082	463,067	3.51
1971	1,677,874	464,615	3.50	1971	2,184,621	667,545	3.27

of housing available. The construction-population ratios indicate, for example, that Quebec usually was above and Ontario below the national ratio, and that, on the whole the ratio worsened in boom times (1900-14 and the 1950s) and improved in slack periods (the 1890s and even nationally in the 1930s.)

Much of the early work on residential construction was done by O. J. Firestone.<sup>8/</sup> James Pickett and Marion Steele have since provided decennial estimates and a new annual series for the 1872-1921 period.<sup>9/</sup> The growth of housing stock provided by the Census, Firestone, Pickett and Steele is as follows:

TABLE III

## Additions to Housing Stock

	<u>Census</u> <sup>10/</sup>	<u>Firestone</u> <sup>11/</sup>	<u>Pickett</u> <sup>12/</sup>	<u>Steele</u> <sup>13/</sup>
1871-80	243,000	237,000	152,000	162,500
1881-90	115,242	84,000	136,000	121,800
1891-00	161,408	164,000	99,000	131,600
1901-10	390,694	437,000	404,000	412,700
1911-20	355,323	434,000	480,000	375,400
1921-30	462,988	449,000		
1931-40	346,155	335,000		
1941-50	776,425			
1951-60	1,127,731			
1961-70	1,457,229			

<sup>8/</sup> O. J. Firestone, *Residential Real Estate in Canada*, (Toronto 1951); *Canada's Economic Development 1867-1953*, (London 1958).

<sup>9/</sup> James Pickett, "Residential Capital Formation in Canada, 1871-1921," *Canadian Journal of Economics and Political Science*, XXIX, No. 1, (February 1963), 40-58; Marion Steele, "Residential Construction in Canada, 1867-1920," mimeo, 1974.

<sup>10/</sup> Occupied dwellings only. The 1871-80 figures include 1867-70. Manitoba, British Columbia and Prince Edward Island are included in the 1881 housing figures. Therefore we have subtracted one-half of the western provinces' and one-twentieth of the Island's 1881 figure for the purposes of estimating the growth in stock between 1871 and 1881.

<sup>11/</sup> Firestone, *Residential Real Estate*, 478. The 1871-80 figures include those 1867-70.

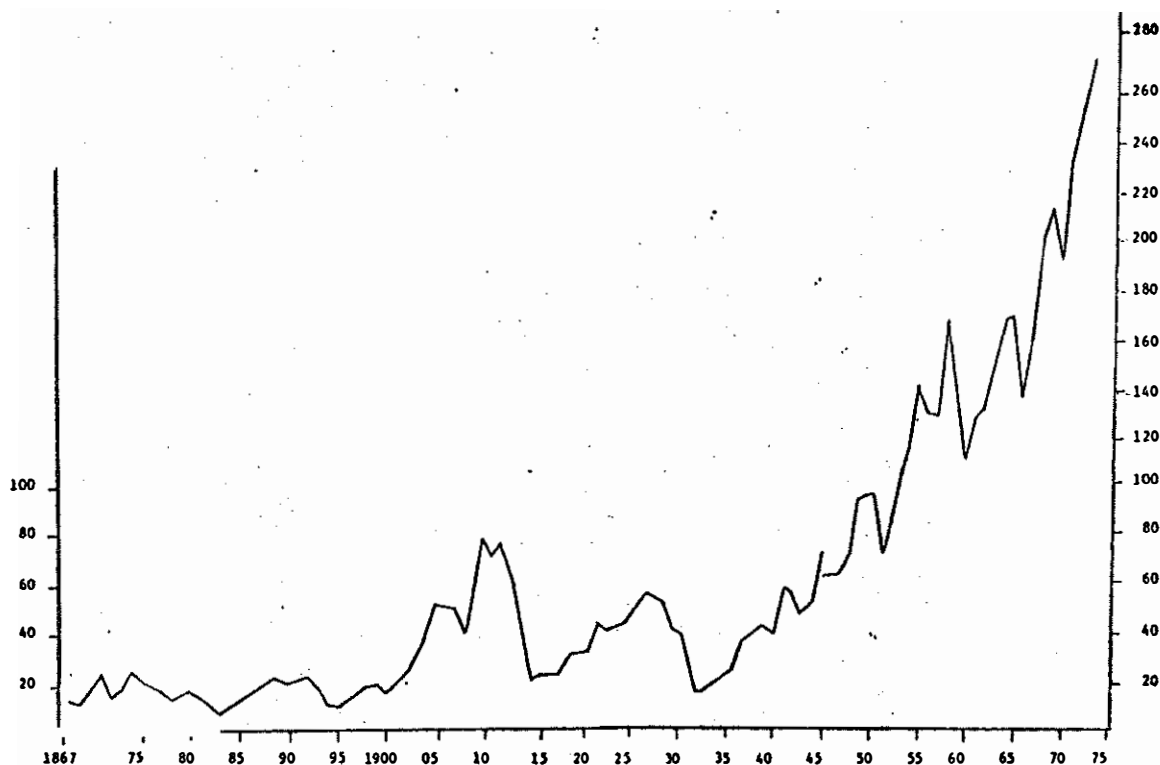
<sup>12/</sup> Pickett, "Residential Capital," Table II, 44. We have used his estimates or permanent dwellings to make them consistent with Steele's.

<sup>13/</sup> Steele, "Residential Construction," Table I, 5.

More intriguing is the annual flow of new housing. The most thorough and reliable data in existence has been prepared by Professor Steele, initially for the 1920-1940 period and later for the half century between 1867 and 1921. The following diagram is based on her figures from 1867 to 1945, and official figures for starts thereafter.<sup>14/</sup>

CHART I

## Housing Starts 1867-1974



<sup>14/</sup> In addition to her "Residential Construction," see also "Dwelling Starts in Canada 1921-41," (PhD thesis: University of Toronto 1972), and "Estimates of new residential construction 1941-50," mimeo, 1969. I am deeply indebted to Professor Steele for the use of her unpublished thesis and papers. Both sets of figures used for 1945.

Professor Steele has also identified eight residential building cycles, (excluding the years from 1941 to 1965 during which time three or four others would appear to exist) as shown in the following table:

TABLE IV <sup>15/</sup>

Characteristics of Residential Building Cycles,  
1871-1941 and 1965-1973

Mean Annual

Cycle	<u>Starts</u>	<u>Starts per 000</u>	<u>Length</u> <u>peak to peak</u>
			Years
1874-92	17.2	3.9	18
1892-1905	22.9	4.4	13
1905-10	55.8	8.7	5
1910-22	43.6	5.5	12
1922-27	45.8	5.0	5
1927-41	36.9	3.4	14
1965-69	174.5	8.6	4
1969-73	230.6	10.7	4

Steele's data shows that until the 1960s housing starts were the highest in the first ten years of the century, when they averaged 7.6

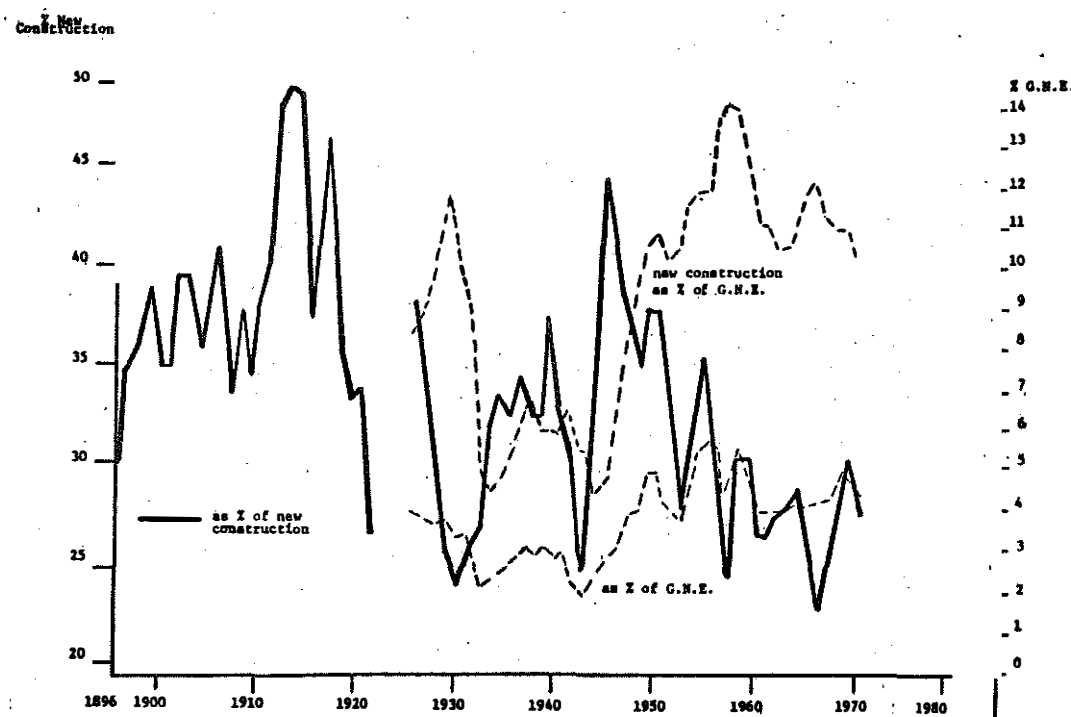
<sup>15/</sup> Steele, "Residential Construction in Canada," Table 11. Buckley on the other hand identified only four major urban building cycles between Confederation and the recovery of the mid-thirties. While the turning points differ slightly from Steele's, the major difference is Professor Steele's identification of an additional residential cycle based on the 1895-96 trough, and another built around the modest dip in 1908, a dip which Buckley acknowledged but did not see as constituting cause for the identification of a new cycle. Buckley sees cycles running from 1871 P to 1880 T, 1889 P and 1896 T, 1912 P and 1918 T, to a peak in 1929. K. A. H. Buckley, Capital Formation in Canada 1896-1930, (Toronto 1955), 40.

per thousand. The 8.7 starts per thousand in the 1905-1910 cycle were not exceeded until the heavily state-aided construction programme of the early 1970s.

Housing has been consistently the largest single component of total construction expenditure since Confederation, matched only by railway construction during a few years of the railway construction boom early in the twentieth century. Since 1896, when the first reasonably reliable statistics begin, housing has averaged 33.6 per cent of total construction. The annual figures have ranged widely, as Chart II illustrates, from a low of 23.5 per cent in 1966 and

CHART II

New Residential Construction 1896-1970



24.5 in 1943 to a high of 48 per cent between 1912 and 1914. As a percentage of total construction housing has been declining since the end of the second world war. Between 1896 and 1921 housing averaged 38 per cent of total construction, and despite depression and war averaged 31.8 per cent between 1926 and 1945. From 1945 to 1970, however, housing fell to 30.5 per cent of new construction. Between 1970 and 1973, residential construction rose to 33 per cent of all construction, and in 1973 once again passed 35 per cent. Since 1926 new residential construction has also varied widely as a percentage of Gross National Expenditure, usually in tandem with variations in the percentage of GNE represented by all new construction.

#### The Approach

Yet, housing is neither a statistical nor a static problem. Nor is it one that can be realistically described at the national or even the provincial level. Whatever the long-term analysis reveals, housing is an intensely personal issue for most Canadians - past and present. Their capacity to enjoy adequate housing at a reasonable price is one measure of their sense of well-being or of injustice. Housing then becomes a different issue in different times, in different places, and for different people.

The organization of the housing study reflects those differing issues, as well as the different historical evidence that can be

located at different times and for different places. Chronologically, the study is divided into three sections: the late nineteenth century, the early twentieth century, and the period since 1918. In the first two periods an attempt is made to observe the creation of housing stock within four urban environments, as well as for the nation as a whole. After 1918 the emphasis turns more to a study of housing policy as government comes slowly to grips with the unquestionable fact that adequate housing in much of urban Canada was beyond the means of Canadians with low incomes. While that fact had been realized well before it was only in the years around 1914 that policy discussions begin, and not really until the late 1930s that policy began to emerge.

The result of the disparate nature of the evidence and the changing focus is a study which lacks a clear narrative or interpretative line. Yet some themes in Canadian housing history do emerge, and the overall impression may be as fair a reflection of the historical reality as an economist's model.



DAYS OF TRIAL: 1867-1900

Despite the appearance of much modern research, Canadian historians still picture the first thirty years after Confederation as the "days of trial," a phrase once used by O. D. Skelton and enshrined in the Rowell-Sirois Report. After the 1867-1873 boom, the Commissioners wrote:

The Great Depression, which continued almost unrelieved for over twenty years, had serious consequences for the entire country. As time went on, the national policies of the Dominion, which were to have brought abounding prosperity through western expansion and settlement, were discredited by failure. The men, money and markets, necessary for the successful operation of the expensive national machinery, failed to materialize. The great community equipment lay almost unused, an oppressive burden on the country. ....the period was one of trial, discouragement and even failure. 1/

It was indeed an "arduous destiny" for a nation which saw population grow more slowly than the natural increase as immigrants and native-born Canadians by the hundreds of thousands emigrated to the United States, the level of capital investment remained disappointingly low, and western settlement stubbornly refused to yield to rhetoric. But the economy did not stand still, and even the Rowell-Sirois Commissioners admitted that within the country there were "many internal

1/ Report of the Royal Commission on Dominion-Provincial Relations, Book I. (Ottawa 1940), 50, 65.

shifts and balances."<sup>2/</sup> Looking at the period for what it was - neither the precursor of the Laurier boom, when Macdonalds National Policy waited impatiently for a change in world economic conditions, nor a mirror sadly reflecting on the staggering economic development in the United States - certain patterns of growth and "internal shifts and balances" stand out which affected the growth of Canadian housing.

#### Housing and urban population

The population grew by more than 45 per cent between 1871 and 1901. Growth was very rapid in the late 1860s and increased even more rapidly in the early 1870s. Immigrant arrivals doubled from 24,700 in 1870 to 50,000 in 1873, and remained over 25,000 annually despite the recession. The overall growth rate in the 1870s was 17.2 per cent, but fell to 12 per cent in the 1880s, as more than 300,000 native-born Canadians and countless immigrants apparently left for the United States. The 1890s were slower still, as the population increase fell to 11 per cent, despite the upturn in the last few years before the 1901 census. Whatever the rate of growth, an

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<sup>2/</sup> Ibid., 52. The historical work of a number of economists has yet to be integrated into a new overall economic history of late nineteenth century Canada. Little of the work is explicitly economic history, but the studies of business cycles by Chambers and Hay, commercial policy and manufacturing by Dales, capital inflow by Hartland, Simon, and Aitken, immigration by McDougall, manufacturing and urbanization by Bertram, Chambers, and Newfeld on financial intermediaries, to mention studies that come at once to mind, provide a good beginning for a new synthesis.

additional 1,682,058 Canadians had to be housed between 1871 and 1901.<sup>3/</sup>

Far more important, however, was the distribution of population. Between 1871 and 1901 the percentage of Canadians living in towns and cities with a population of more than one thousand leaped from 18 to 35 per cent, and represented 52 per cent, 91 per cent, and 79 per cent of the total population growth in each of the census decades. Even those figures underestimate the degree of urbanization. Quebec, for example, gained 27 per cent of the total increase in population, and 79 per cent (or 362,000 out of 457,000) was in centres of over 1,000 people.<sup>4/</sup> Moreover, in the 1890s urban Quebec grew by 175,000 people while the province itself grew by only 160,000. In Ontario, the location for 33 per cent of the total Canadian growth, the figures were even more revealing. More than 93 per cent of the increased

<sup>3/</sup>The net addition to the Canadian population is not questioned. But McDougall has seriously questioned the earlier estimates of immigration and emigration, and in so doing has aided the revisionists who are increasingly finding evidence to cast the 1874-1897 period in less gloomy terms. The following table presents McDougall's estimates with the bracketed figures from Keyfitz.

	Population	Natural increase	Net Migration	Immigration	Emigration
1861-1871	2,258	543 (563)	-170 (-191)	266 (186)	436 (376)
1871-1881	2,630	575 (619)	- 40 (- 85)	253 (353)	293 (438)
1881-1891	3,164	617 (669)	-154 (-205)	448 (903)	602 (1,108)
1891-1900	3,628	595 (654)	-115 (-181)	249 (326)	364 (507)

Duncan M. McDougall, "Immigration into Canada, 1851-1920," *Canadian Journal of Economics and Political Science*, XXVII, No. 2 (May 1961), 162-175. See also Nathan Keyfitz, "The Growth of the Canadian Population," *Population Studies*, IV, (June 1950), 47-63.

<sup>4/</sup>The remaining growth was largely in small centres on the resource frontier which were developing urban functions.

population occurred in urban areas, which in the 1880s and 1890s absorbed 103 and 157 per cent of the total increase in population.<sup>5/</sup>

TABLE I <sup>6/</sup>

Growth of Urban Canada 1871-1901

Population	1871	1881	1891	1901
100,000 -		Montréal	Montréal Toronto	Montréal Toronto
50 - 100,000	Montréal Toronto Québec	Toronto Québec	Québec	Québec Ottawa Hamilton
25 - 50,000	Halifax St. John Hamilton	Halifax St. John Hamilton Ottawa London	Halifax St. John Hamilton Ottawa London Winnipeg	Halifax St. John London Winnipeg Vancouver
5 - 25,000	Charlottetown  Fredericton  Lévis Sorel Trois Rivières  Ottawa London Brantford Kingston St. Catharines Guelph Chatham Belleville Brockville Port Hope	Mbnceton  Sherbrooke Hull St. Hyacinthe  Windsor Peterborough Stratford St. Thomas Galt Woodstock Lindsay  Winnipeg  Victoria	Dartmouth Yarmouth Truro  Valleyfield  Barrie Kitchener Sarnia Owen Sound Cornwall  Vancouver New Westminster	Sydney Jlace Bay  Westmount Lachine  Niagara Falls Pembroke Smiths Falls Collingwood Sault Ste. Marie Kenora  Brandon  Nelson Rossland Nanaimo

<sup>5/</sup> Urban growth of only 40.5 per cent in the 1870s reflected less the lack of an important absolute increase in urban population than a major growth in the agricultural and resource frontier areas at the same time.

<sup>6/</sup> 1921 Census. Includes only incorporated cities, towns and villages as of 1921.

In short the commercialization, industrialization and urbanization of late nineteenth century Canada created a new demand for housing for about 1.2 million urban Canadians. More generally, the rapid development of urban Canada underlines the basic structural changes that were taking place in an economy that, while it may have been undergoing its days of trial, nevertheless was developing rapidly. While the aggregated statistics portray an impressionistic still life, the "internal shifts and balances" represent a dynamic collage.

According to the census about 520,000 additional dwellings sheltered the 1.6 million new Canadians between 1867 and 1901. Modern scholars have lowered the estimates of additional housing stock to between 440,000 and 485,000, but all studies agree that one new dwelling was added for every 3.3 to 3.6 additional Canadians.<sup>7/</sup> However, given the uneven nature of regional and urban rural population growth there is absolutely no doubt that the ratio of urban population and housing construction was far worse. As a result of changing census and municipal boundaries the census figures are totally inadequate for disaggregated analysis. However, they do indicate that in Montreal-Hochelaga, Toronto, Winnipeg and Hamilton the ratio remained well above 1:5 throughout the late nineteenth century.<sup>8/</sup>

<sup>7/</sup> Steele's estimates provide a 1:3.3 ratio for all Canada, and a 1:3.8 for urban Canada with 317,600 starts for a 1.2 million increase in population. (Steele, "Residential Construction," Table AI).

<sup>8/</sup> Using census date (and including territorial annexations), the ratios for the 1891-1901 decade were: Winnipeg 1:5.6; Montreal 1:5.7; Hochelaga 1:5.2; Toronto 1:5.4; and Hamilton 1:4.9. However, Professor Steele's estimates of 348,000 non-farm starts between 1867 and 1900 would provide a ratio of 1:3.5 for the entire period. (Ibid.)

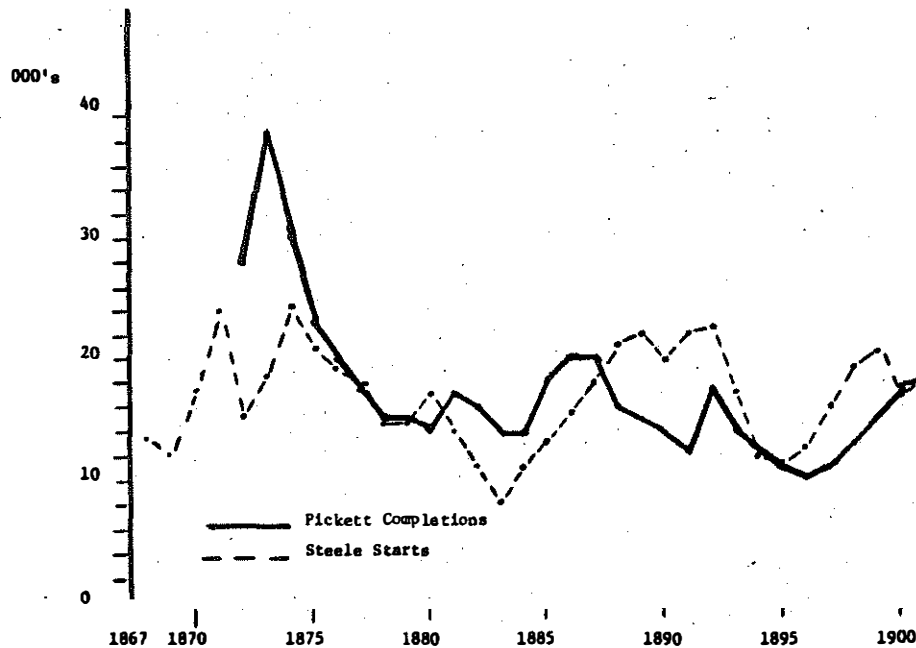
The various estimates of annual housing construction are consistent only in the most general terms. Both Pickett and Steele conclude that housing construction during the 1870s was not matched again until after the turn of the century.<sup>9/</sup> Apart from identifying 1883-85 and 1894-96 as years of low levels of construction, their decennial estimate differ significantly, as the following table of Pickett's completions and Steele's starts reveals:

TABLE II

	1872-1880	1881-1890	1891-1900
Pickett	201,700	164,600	135,300
Steele	162,500	154,500	170,900

Even given the possible time lag between starts and completions, their annual estimates vary significantly. On the other hand, while Pickett's figures reveal much more instability there is a broad agreement in contour between the two which in turn is not out of line with Buckley's overall urban index.

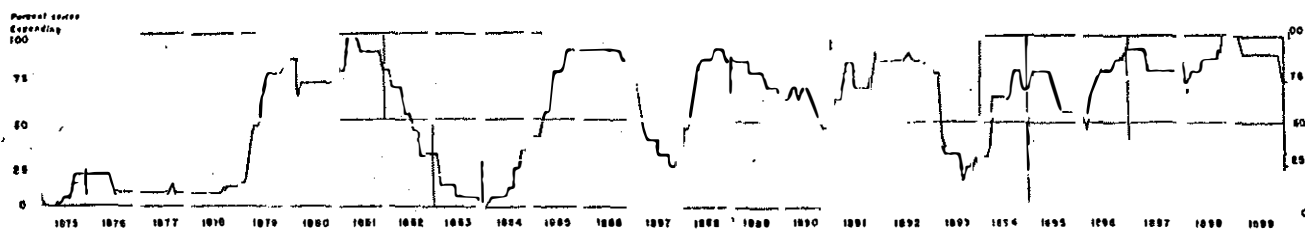
<sup>9/</sup>Pickett, "Residential Capital formation" and Steele, "Residential Construction 1867-1920". Pickett used the domestic consumption of window glass as the basis for his estimates. Steele is properly sceptical of using any building materials as the basis for estimates. She used a number of distributor indexes: Buckley's urban index based on building permits, mortgage assets of insurance companies, and a residential construction distributor based on actual permit data from Toronto and Montreal, and for a later period the province of Quebec.

CHART I 10/Estimated Annual New Residential  
Construction 1867-1900

10/ Intuition, however informed, is a poor substitute for the elaborate analysis undertaken by Pickett and Steele. However, intuition reinforced by a wide variety of contemporary comment suggests that Steele might be too low in the early 1870s when there was an enormous surge of economic activity at all levels. The *Monetary and Commercial Times* (October 20, 1871) warned of the "dangers of inflation" - wisely as it turned out - because of the large amounts of capital expenditure: "Some few months ago we alluded to the prosperous condition of the country as evidenced by the rapid increase of bank deposits and the abundance of money.... We have never seen such building activity. Toronto has made rapid progress in this respect this season; but it is not an exception, for in nearly all the towns of the province new buildings have gone up in great numbers. We never knew so large a demand for masons, bricklayers, carpenters and laborers. Contractors found themselves unable to procure as many as they required, and wages, consequently, rose considerably above the average.... All descriptions of real estate have manifested an upward tendency." Pickett is clearly too low in the late 1880s and probably under estimates the extent of the recovery in the late 1890s. Steele also may be too low in 1891 when she deflates Toronto construction to 45 per cent of its level for the purpose of securing a representative distributor.

Accepting Steele's figures as the most reliable base, it is clear that new residential construction was consistent with the broad cyclical configuration of the post-Confederation period.<sup>11/</sup> Housing construction reflected the prosperity of the early 1870s, and declined with the downturn that began in 1874 but was not fully felt, according to contemporary accounts, until 1875 or even 1876. The contraction in urban residential construction was particularly severe, as might be expected with a recession that was in large part commercial and exacerbated by earlier overexpansion. Starts fell from 24,200 in 1874 to 14,500 by 1878. As with the business cycle, housing reached a low in 1879 and shared the modest cyclical recovery only to plunge to a new low in 1883. At the same time, however, non-farm starts were by far the highest for the entire period in the years 1874 and 1882, reaching a record 11,400 in 1880, and exceeding

<sup>11/</sup> See Edward J. Chambers, "Late nineteenth century business cycles in Canada," Canadian Journal of Economics and Political Science, XXX, No. 3 (August 1964), 391-411. The following monthly historical diffusion index is reproduced from Chambers.





non-farm starts from 1876 to 1884.<sup>12/</sup> All new residential construction remained low during the 1882-1885 slump, but urban building recovered, as did the economy, in 1886-87. However, housing does not appear to have reflected the modest cycles identified by Chambers between the peaks of 1887 and 1893, but fell dramatically with the slump that began late in 1893 and did not recover until 1897-98.<sup>13/</sup>

Canada's four major urban centres offer different case studies of the process of housing the growing urban population in the late nineteenth century. Each study is different, not only because each city is discovered at a different point in time but also because the history of each is based on the different kinds of evidence that remain. However, although contained within differing contexts of urban development, the history of housing in Toronto and Montreal, Winnipeg and Vancouver is as comparable as it is different.

#### Toronto

As the entrepôt for the advancing agricultural frontier in western

<sup>12/</sup> Steele's annual estimates provide the following breakdown of farm and non-farm starts for each decade:

	Farm	Non-Farm
1870s	87.1	99.4
1880s	58.2	96.3
1890s	121.9	49.0

<sup>13/</sup> The sharp slump in urban construction beginning in 1893 and the slow recovery was undoubtedly due in part to the speculative overbuilding between 1890 and 1892 in many cities.

Ontario, Toronto had become firmly entrenched as the leading city in the province by 1840. The railway boom of the 1850s consolidated that position, and the city grew at the remarkable rate of 76 per cent in the 1850s, with most of the growth occurring in the first half of the decade. The late '50s and early '60s were slow, but as the economy picked up after Confederation Toronto's population leaped from 45,300 in 1867 to 71,700 in 1875. The national and local economy began to recover from the crash of 1873 late in 1879, and the city grew in the 1880s at a rate that has never since been equalled.<sup>14/</sup> The boom of the 1880s burst amid frenzied real estate speculation late in the decade, and Toronto shared the doldrums of the '90s. Politically,

<sup>14/</sup> The annual increase in the 1880s was a staggering 6.3 per cent. The rural population declined absolutely in York county as the farmers migrated to Toronto or the Canadian and American west. The population increase can be variously estimated as follows:

	Metro Boundary	City Boundaries	Economic Boundary	% Increase
1871	79,440	56,092	58,925	59.7
1881	108,303	86,415	93,196	99.3
1891	207,450	181,215	185,733	17.1
1901	238,030	208,040	217,547	

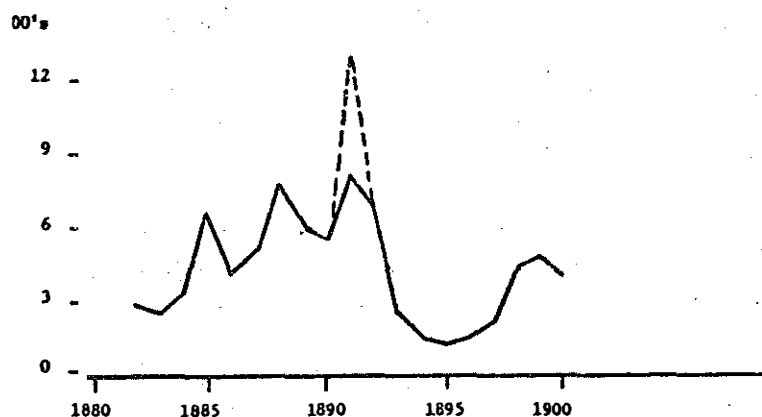
Urban Canada as a whole had growth rates of 53.6, 38.5 and 31.0 per cent in the three decades. The economic boundary includes the contiguous built-up economically functionally integrated area and is therefore more appropriate than the broader metro boundary or the city boundary which expands sporadically. The reasons for the growth of Toronto will be discussed elsewhere, but then as now Toronto had its own explanation. "God blesses a people who serve Him," Mayor Howland commented in his 1887 inaugural. Toronto City Council Minutes 1887, Appendix 2. On Toronto see Peter G. Goheen, *Victorian Toronto, 1850 to 1900: Patterns and Process of Growth*, (Chicago 1970); K. M. Campbell, "The Changing Residential Patterns in Toronto, 1880-1910," (MA Thesis: University of Toronto 1971).

the city annexed most of the populated suburbs in the 1880s, and was not to expand again until the first decade of the century when it absorbed much of the exploding suburban population and almost reached its present territorial limits.

The enormous but uneven growth of the late nineteenth century demanded an equally impressive growth in housing stock. On the whole the increase in dwellings kept pace with population growth, holding

CHART II<sup>15/</sup>

INDEX OF NEW RESIDENTIAL CONSTRUCTION  
TORONTO 1882-1900



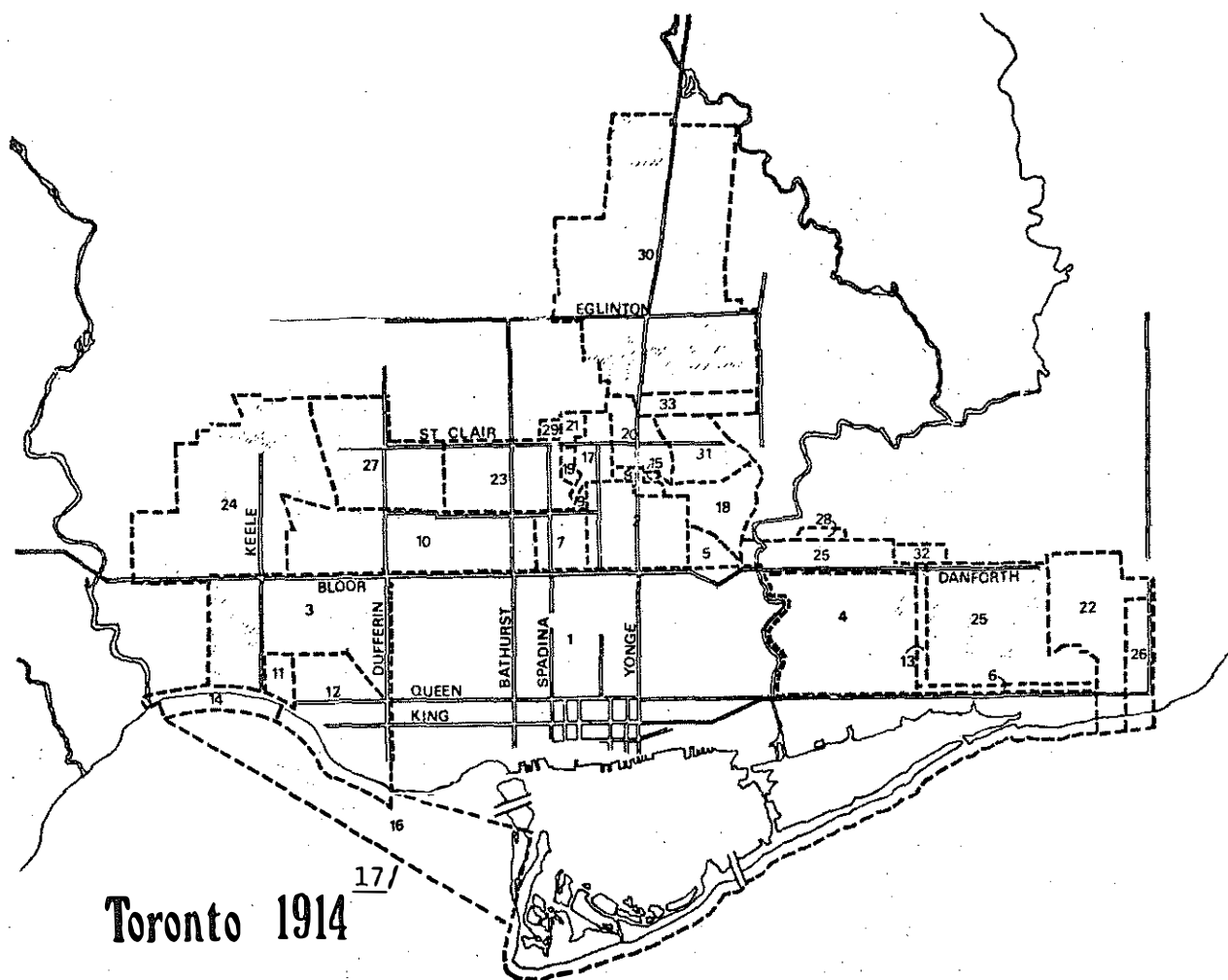
<sup>15/</sup> Professor Steele created her index from the value of permits issued, deflated by a construction input price index. Some of the permit figures have been published, and others were based on data prepared for this study from actual permit records contained in the City of Toronto Archives. Steele used only 55 per cent of the figures given for 1891 "partly because there is some reason to believe many of the permits lapsed (Buckley, Capital Formation, 12), but more important, because of the spectacular rise in the reported figure is unrepresentative of the country as a whole," and therefore would weaken the validity of the overall index. The dotted line on Chart II represents our estimate of the real level of new residential construction on the Steele index. "Residential Construction," Table A4.

at 1:5.2 between 1871 and 1891 and dropping marginally to 1:5.4 by 1901, although the ratio worsened in several working class areas of the city. The value and number of residential permits provides one indication of the annual flow of new residential construction. While the records are incomplete, Professor Steele's index unquestionably provides a reasonably accurate estimate of annual construction. The approximate dollar value of new residential construction was \$500,000 in 1882, \$1.3 million in 1888, and a record \$2.9 million in 1891. A low of \$115,000 was reached in 1895 and the volume passed \$500,000 only in 1898.<sup>16/</sup>

While the density of some of the older sections of the city increased, the new housing was provided by filling in the last remnants of the old park lands - a process that was virtually complete by the early '70s - and expanding to the west and north. There was some displacement of the older upper class residential areas south of Bloor, and new high income areas grew up in the Annex and south Rosedale.

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<sup>16/</sup> Conclusions based on permit data must be extremely cautious. The above figures are taken from the Canadian Architect and Builder (hereafter CAB) (April 1893 and January 1895), and are not inconsistent with the data taken from the individual building permits. The CAB (April 1893) bears out the permit figures when it states that in 1891 there were 1,100 new houses constructed with an average value of \$2,700. The dangers in the use of permits was illustrated in a memorandum to the Mayor of Toronto from the City Commissioner on December 28, in response to a request for information on building: "The building permits issued do not fully represent the progress of the City as permits issued are only granted for erections within the fire limits, which is the older part of the City largely built up years ago, while the outlying districts beyond the fire limits are the parts where there has been during the past five years a very large number of buildings erected each year." (Toronto Archives, General Reference Letter Book, No. 7).



Toronto 1914

17/

#### Annexation

1 Original City Limits		
2 Yorkville	1883	18 Rosedale 1905
3 Brockton	1884	19 Annex west of Avenue Rd. 1906
4 Riverdale	1884	20 Deer Park 1908
5 North Rosedale	1887	21 Baldwin Estate 1908
6 Strip North of Queen	1887	22 East Toronto 1908
7 Annex West of No. 2	1887	23 Wychwood and Bracondale 1909
8 North Yorkville	1888	24 West Toronto 1909
9 Rathnally	1888	25 Midway 1909
10 Seaton Village	1888	26 Balmy Beach 1909
11 Sunnyside	1888	27 Earlescourt and Dovercourt 1910
12 Parkdale	1889	28 Helliwell Farm 1912
13 Greenwood Side Line	1890	29 Montclair 1912
14 Lake Shore Road	1893	30 North Toronto 1912
15 Summerhill Avenue	1903	31 Moore Park 1912
16 Pt Humber Bay & Lake W. of Island	1903	32 Glebe Estate 1914
17 Avenue Road	1905	33 Mount Pleasant Cemetery 1914

Working class communities took over parts of the downtown area and moved westward along the industrializing lakeshore, northwestward along the railway, and along a southeastern corridor paralleling Queen Street and the railway. Much of the residential growth outside the city boundary was also working class communities who traded distance for cheap land or rent, and were ultimately served by an expanding street railway system.

The post-Confederation boom was well underway in Toronto when the last of the old park lots began to disappear. As late as 1860 the Allan park lot, running from Queen to Bloor between Sherbourne and Jarvis was largely uninhabited. A decade later the last stage of subdividing had been reached:

On the Hon. Mr. Allan's estate, Mr. Whitney has placed some twenty-five or thirty building lots, within a comparatively recent period, to clerks, mechanics, and others, at a total cost of about \$15,000. The part south of Wilton Crescent, down to Shuter street, was laid out into forty-four lots, about a year ago, all of which have been sold except three. There is still a large plot of this estate, fronting on Queen and George streets, overlooking Moss Park grounds, which is yet in the market. The large plot north of the Horticultural Gardens is going off steadily in blocks and in separate lots. This plot is beautifully studded with shade-trees, and is most desirable for private residences. Mr. Whitney has sold another city property to a value of \$75,000 or \$100,000 within the last six months. 18/

The Bellevue estate between Spadina and Bathurst, south of College, had also disappeared:

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18/ Monetary Times, November 5, 1869.

The greater portion of the Bellevue estate was purchased some time ago by Mr. J. S. McMurray for a round sum. During the past season a plan of it was prepared and registered; streets have been surveyed, opened out and turnpiked, and what was a year ago an ordinary farm, has now all the appearance of a rising village. Bounded on the north by College street, extending nearly to Spadina avenue on the east, and within a short distance of Queen street on the south, its position is sufficiently central for the residence not only of merchants' clerks, but also for mechanics and labourers.... The houses, of which there are some fifteen or twenty erected, or in course of erection, are in all cases built a distance back from the front of the lot. The Bellevue lots find ready purchasers. At the auction sale in the early part of the summer, thirty-seven lots were disposed of. Sixteen have since been sold by private sale, leaving sixty-five yet unsold. 19/

In the 1880s the Annex, north of Bloor and west of Avenue Road, was developed as a fashionable subdivision. Early in the 1880s, Simeon H. Janes acquired a large block of land for \$1,000 an acre. A prominent wholesale merchant who had moved into real estate in the 1880s, Janes became "one of the largest, shrewdest and most successful operators on the market. His speculations have been on a large scale."<sup>20/</sup> Like other developers, Janes presumably carried out the subdivision and the preliminary land development, such as installing sewers and laying out streets, before selling the lots to individuals and builders. By 1890 the subdivision was complete, and Janes was offering lots in what was billed as one of the last high-class

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<sup>19/</sup> Ibid.

<sup>20/</sup> G. Mercer Adam, *Toronto, Old and New*, (Toronto 1891), 144.

residential areas in the city, Janes and other developers often imposed zoning regulations, insisting on houses of certain sizes and quality, to keep prices up. As a witness before the 1885 Royal Commission on Capital and Labour declared, a "great deal of land is held en bloc and will not be sold except on condition that a house should be built worth at least \$3,000 and in some places \$5,000, and that of course is beyond the reach of any working man."<sup>21/</sup>

In the landowner-speculator-developer-builder sequence, however, there often was more than one transaction in any given stage. For example, in 1884 William Baldwin owned 11 vacant lots on Roberts Street. A year later the land had been acquired by three real estate agents who had subdivided the property into 33 lots. Within twelve months the lots had been sold again to 11 people, one of whom was William St. Croix, a prominent contractor, who immediately built houses on most of his lots. By 1890 there was a house on every lot, and St. Croix was still renting three of his original eight houses. Further west on Given Street 73 vacant lots, largely held by speculators including the Scottish Ontario and Manitoba Land Company, had become 106 by 1890; over the six years the lots had changed hands several times, the assessment had doubled and doubled again, and only 47 houses had been built. To the north of the city, at Davisville, the 77-year-old John Davis sold his eight acre farm in 1884. The farm was subdivided to make 106 lots, more than half of which were

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<sup>21/</sup> Evidence taken before the Royal Commission on the subject of Labour in its Relation to Capital in Canada, Vol. v, 1887, 35.



owned by a real estate firm and the rest by speculators. The lots, singly or in parcels, changed hands repeatedly, the assessments rose, and yet by 1905 there was only one house on the property. As late as 1912, when the area was annexed by the city, 60 per cent of the lots were vacant. There were many vacant lots in 1924 and may still have been in the 1960s when a large Toronto developer razed the entire area for a high rise and townhouse complex.<sup>22/</sup>

The picture of the house-building industry in Toronto is fragmentary, as it would be today. The 1881 City Directory listed 182 men and firms who classed themselves as builders and contractors, none of them apparently incorporated. A book published in 1885 mentioned 34 builders and contractors, presumably the largest and most successful.<sup>23/</sup> Five of the six of those whose birthplace was mentioned were immigrants from the United Kingdom, and almost all had started as journeymen. While some appeared to specialize in stone work or large buildings, the majority (even of this select group) were in the house-construction business. Many contractors also were engaged in real estate; that is they built homes not only, perhaps not even usually, on contract, but to sell and rent. St. Croix, for example, purchased a portion of the Elmsley estate, west of Yonge on Bloor, and built 75 two-storey brick houses which he both sold and

<sup>22/</sup> The Roberts and Givens Street and the Davis cases are based on research done by David Coombs, York University, using assessment rolls and fire insurance maps in the City of Toronto Archives.

<sup>23/</sup> History of Toronto and County of York Ontario, Vol. I, (Toronto 1885), 358-65.

rented. Adam Armstrong, who deserted the life of a travelling salesman for construction and real estate in 1879, featured prominently in an 1891 survey of the city's citizens.<sup>24/</sup> Initially a master carpenter, Armstrong apparently made a fortune during the boom of the '80s, building himself a noteworthy residence on fashionable St. George. Armstrong usually built houses on property he owned himself or over which he had control and "not unusually owns at one time from fifty to one hundred houses for rent or sale." A neighbour on St. George, C. R. Dinnick, came empty handed to Toronto at 26 after serving his apprenticeship as a carpenter in Devonshire. By 1891 he had "amassed a handsome competence" and enjoyed "the reputation of having erected more houses for sale than any other one builder in the city."<sup>25/</sup>

While many homes were built as speculative enterprise by builders or landowners, rent being a profitable and common source of income and investment, many also were built by homeowners with friends or day labour.<sup>26/</sup> Appearing before the Royal Commission on Capital and

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<sup>24/</sup> Adam, Toronto, 151.

<sup>25/</sup> Ibid.

<sup>26/</sup> While builders and developers did not work on the same scale as in the mid-twentieth century, the results of their labour can still be seen on many streets where the houses are identical or nearly so. The Canadian Architect and Builder commented on the scene in Hamilton in October 1898, but the same could be said of many new sections of Toronto: "A walk round the residential portions of the city reveals, however, a remarkable sameness of design, and one wearies of the repetition of projecting tiled gables, overhanging stories and verandahs, so similar in outline if not identical. This is no doubt due to two causes at least, the materials at hand and the cheapness desired by the owners.... Speculative building is to a certain extent responsible for much of the sameness; cheaply produced plans, used over and over again with little variation, have no doubt been found very convenient...."

Labour in 1885, Richard Dennis, a prominent Toronto contractor, was asked if a carpenter making \$2.00 a day could acquire a home: "I do not see anything to hinder a man, who would only get \$2.00 a day doing that, if he has only pluck and makes use of all his spare time to build a home."<sup>27/</sup> Many witnesses before the Commission observed that the nine-hour day had given the men time to build their home. Although many contemporary observers by the late 1880s insisted that the greatest need was for inexpensive working class homes, Dennis observed that the most profitable form of real estate was the cheap working class cottage; not only was the initial outlay less but the relative rate of return was greater.<sup>28/</sup> All witnesses before the Commission agreed that rents were rising rapidly; downtown houses were more expensive than suburban; sanitary conveniences were inadequate, the open privy was still being installed if permitted by law both in the city and on the periphery; and the cost of home ownership was generally prohibitive for the working class. As a stove plate moulder exclaimed: "It would take me a thousand years to build a house in Toronto, if I continued to live in a respectable way such as a working-man is expected to live and bring up his family."<sup>29/</sup> Implicit zoning regulations by the developer-builder also prevented the construction of inexpensive housing in many of the subdivisions.<sup>30/</sup>

<sup>27/</sup> Evidence before Royal Commission on Labour and Capital 1887, 122.

<sup>28/</sup> Ibid., 124.

<sup>29/</sup> Ibid., 154-55.

<sup>30/</sup> Ibid., 35.

One of the best pictures of the housing in Toronto was painted by Charles Pearson, who claimed to be the head of the largest real estate firm in Canada:

Q. - Can you make any estimate as to the increase in the rents? A. - Yes. It is possible for a workingman to get a house at nearly the same rent as ten years ago. But to do that he has to go to the outskirts of the city, and this necessitates the expenditure of car fare.

Q. - So what he gains in rental goes in the mode of travel? A. - Very much so. There has been an increase of thirty to forty per cent in house rent in the centres in which workingmen mostly live, during the past ten years. In these districts they are pretty much the same class of houses now as then. There may be a little difference in the fixing, but they are the same style and class of houses.

Q. - Do the houses for working people in the central localities rent pretty freely? A. - The working people as a class like to cluster in the centre of the city, so as to be as near as possible to their work. They put up very often with poorer houses to be nearer to their business.

Q. - Do many of them put up with small houses, and crowd together? A. - Yes, they are smaller houses, and poorer than they could get outside the city. They put up with inconvenience rather than go further away....

Q. - Take an average mechanic - how many rooms would he have in his house? A. - Seven or eight rooms, taking it all round. Mechanics, as a rule, have large families. The poorer he is, the larger family he has. If he cannot get real estate he can have a large family. [?]

Q. - The unskilled laborer - what kind of a house has he? A. - One for which he pays \$6.00 or \$7.00 a month. It is very rare for a family to have but one room. We have the largest business in this respect, and I do not know of any house of one room. I know of some four or five-roomed houses

with more than one family. I know some houses where the basement has one family, and another lives above. There is a row where there are two families to each house.

Q. - What is their sanitary condition? A. - They are pretty well drained. They are under the supervision of the city council, and a policeman goes round to inspect them. If not carefully looked after the condition of the older and poorer houses would be bad. They have the old drainage, and in a great many cases the old fashioned privy. The council are doing away with this. On the score of health it pays a man to put in a water-closet....

Q. - Do you sell many houses to working people? A. - Yes, many pay \$100.00 in cash, some-time \$200.00, and pay the balance quarterly or monthly. The greater number pay quarterly.

Q. - Do many parties who make contracts find themselves unable to complete them, and therefore sell out? A. - Very few. We generally find that when a man is unable somebody is willing to take his place, and he is in that manner reimbursed. The working people keep up their payments pretty regularly. It is their first thought to get "the house paid for." Interest is paid on the whole amount, generally. The Government now have passed an Act under which the rate of interest must be on the sum remaining due.

Q. - Is the price of houses of the class we are speaking of increasing yearly? A. - It is.

Q. - Is the cost of building greater? A. - It is very much greater, both in the cost of labor and materials.

Q. - Can you fix some particular locality in which workmen's houses have been in existence for a number of years and state pretty nearly the increase of value of such houses? A. - Yes, take St. John's ward. It is a centre for workmen engaged in every business. It is a source of great profit for the landlords. The average price of a workman's house there would be from \$1,000 to \$1,500.

Q. - What would such a house have sold for ten years ago? A. - From \$750.00 to \$800.00 - about fifty per cent higher now.

Q. - A man who would have bought a house for \$1,000 ten years ago can get a house equal to it now by going farther out? A. - He can get a better house for the same money, with more modern conveniences, such as water closets....

Q. - Are you familiar with the Act for the inspection of buildings and plumbing? A. - This is one of the grievances we complain of. Wages are cut down and men do not get sound work. It may be owing to the contract system. There is no reason why we should not pay more and get better work done. The difference of cost between a good job and a bad one is very little. Some houses to be put up for sale are skimmed over and the workmen bound down to a certain figure.

Q. - Are architects to blame in not requiring proper work? A. - A good deal of work does not come under the notice of the architect; it is left to the builder, and one man is sometimes trying to do two or three kinds of work. He is a builder, but thinks he can do plumbing and other things as well....

Q. - In business centres which would be the more valuable - the building or the land? A. - It would depend on the class of buildings and the site. Take, for example, the corner of King and Yonge streets. The owners will not sell the property. You could not buy it at any figure. The last sale on the north side was at \$1,200 a foot, but you could not buy it at all. The land about here (the post office) is worth \$2,000 a foot.

Q. - In good residential districts, where merchants and people of considerable means live, how much land do they generally occupy? A. - As a rule, fifty feet, but first class residences run much over that. The land would be worth perhaps \$75 a foot. The house would be worth more than the land. A mechanic would live on a twenty-five foot lot. This would be worth probably \$50 a foot. The house would be poor; perhaps not worth more than \$500. 31/

31/ Ibid., 254-56.

Despite Dennis' statement about the profitability of low income housing, testimony before the Royal Commission from Halifax to Toronto suggested that working class housing if not in short supply, was at least offered at a price that most found excessive. The first issue of the Canadian Architect and Builder in January 1888 reproduced four plans for workingmen's cottages that could be built for \$800 to \$1,200 and argued that there was a great need for such inexpensive homes. A year later the Canadian Manufacturers Association underwrote a competition for cottages that could be built for \$800.<sup>32/</sup> Yet while the inadequacy of design and the cost of construction were accepted as one reason for high prices, the most commonly cited reason was the high cost of land resulting from speculation.

By the late 1880s, for example, Toronto was in the midst of a speculative boom. As the president of Canada Landed Credit stated in 1890: "The land speculator and the speculative builder, flushed with success and sanguine of perpetual increase in the extent of the city and advance in price, already phenomenal, of building lots, are asking for loans in farm lands, miles from the City Hall, at prices which look well on paper, but are mighty uncertain as bases for loans."<sup>33/</sup> The boom burst in 1892, leaving the city with thousands of vacant houses, serviced lots, and subdivisions like John Davis' that were not to be built upon for a generation. As the Canadian Architect observed, the

<sup>32/</sup> CAB, August 1889.

<sup>33/</sup> Monetary Times, January 17, 1890.

city was "so spread out and straggling that a heavy and continual expense" was necessary for essential services, in contrast to Montreal which was far too densely populated and its people packed into tenements.<sup>34/</sup>

The Toronto Empire - a friend of the boom - admitted that the city was "reaping the rather questionable results of seed sown in several years past. The speculation which caused an abnormal rise in values, which made real estate dealers wealthy by the score, which extended streets into the country and illuminated cow pastures with electric lights was bound to bring some reaction, and the consequent discontent of legitimate landowners at the present time is not to be wondered at." Many of the improvements were unnecessary, the Empire confessed, stating that 7,000 houses were vacant - 4,000 replied the Globe - because "in order to facilitate a too rapid increase in the value of their land, owners and speculators have been putting houses upon it to an extent which now threatens many people with disaster."<sup>35/</sup> The Globe argued that the rapidly increasing city debt - approaching \$18 million by 1891 - had to be curtailed, a position that won the support of Alderman John Hallam, who charged that the development costs were an excessive burden on the taxpayer because "the city has been cursed with land jobbers whose interest was to boom property by opening up new streets and extending others, constructing sewers,

<sup>34/</sup> CAB, December 1892. The sprawl, continued the author "is entirely due to speculators and wire-pullers."

<sup>35/</sup> Cited in Globe, November 2, 1891.



putting down block pavements, gas and electric lights on miles and miles of streets where there was no necessity and no legitimate demand for such improvements."<sup>36/</sup> One of those caught when the boom collapsed was Colonel George Denison, a prominent Torontonion, who had invested in parcels of land on which to build, not to hold "for a rise." Denison pointed out that he paid \$363 in taxes for houses that rented for \$240, and almost \$200 in taxes for a lot from which he received nothing. Replying to a suggestion that he subdivide and build houses to secure a return on his property, the Colonel wrote:

Well, how does this work - a hundred yards or so north of this land on the same side of the street some one has built six houses. Three are empty, three occupied. This certainly cannot pay. Opposite are five fine houses; three have been empty for quite a while, only two occupied. Shannon street is within about 100 yards to the south, and in the one block that it extends are fourteen empty houses, many of them empty for a year or more. The block of ten houses south on the east side of Dovercourt road has five empty, five occupied while further down on Mackenzie crescent, in one block, I counted nineteen empty houses. A friend who built four fine shops and two houses to turn land to account has one house and one shop rented and does not get enough rent to pay the expenses on the whole, and consequently is losing the interest in his capital and getting nothing for his land. Again, the land I speak of on College street is part of a block of 80 acres on which at present there are 39 houses. If this rule applies that I should build a dozen houses to get a return for my taxes, the same rule should apply everywhere, and at twelve to the acre there should be 960 houses where there are now only 39. I think this would considerably increase the proportion of vacant houses in this neighborhood. But if this argument holds good here it should hold good all over the city,

<sup>36/</sup> Ibid., November 3, 1891.

and if every vacant spot in the city were filled with houses you would require about 1,000,000 people to occupy them, and with five houses for every one required, what would be the value of any? All property owners would be struggling to get tenants to take their houses for the taxes, even if they were not glad to let the tenant have them for a portion of the taxes, as I am glad to do with mine. Under such circumstances would property have any value? I think not.... 37/

The housing industry in Toronto fell to an all-time post Confederation low in 1894-96 when less than 100 houses were built annually, and not until the turn of the century did the volume of residential construction approach that of the 1880s. Lands and houses were reclaimed by mortgage companies, and property holders like Denison waited patiently for better times. The Canadian Architect found one ray of light in the slump of the '90s when it observed that the speculative builders were "driven out of business" and "the more legitimate class of builders comforted themselves with the reflection that when better times should return they would be free from the competition of the speculative builders." But, "recent observations," the editor sadly added, "however, goes to show that some of the speculative builders of the boom days have managed to live through the dull times, and with the return of improved conditions are ready for business again. Owing to the great decline in land prices, these men are able to operate in even the best residential localities, the attractiveness of which they are very likely to severely impair,

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37/ Globe, October 30, 1891.

unless the building regulations are amended so as to compel the erection of a class of buildings suited to these localities." <sup>38/</sup> Idealism, in the history of housing, often suffers such a fate.

Toronto in the '90s prided itself on being a city of homes. Over 50 per cent of the homes in Toronto were owner-occupied boasted the Canadian Architect in April 1893. Two years earlier the 1891 census had described the 25,810 houses in the city. Over half - 15,389 - were brick and the rest were wood. Only 53 Torontonians yet owned stone houses. Over 16,000 houses had two storeys, while about 4,500 had one and an equal number three storeys. The typical house - 17,070 - had from six to ten rooms, and only 3,500 had under five. But the boom had already made its mark. Over 2,000 houses were vacant - one explanation, perhaps, why only 3,000 were to be added to the housing stock in Toronto over the next decade. <sup>39/</sup>

## Montreal

Confederation Montreal had long since outgrown the old city. By 1871 only 5,000 of its 107,200 people lived in the three old quarters, while 55,000 lived in the three western and 46,000 in the three eastern wards. Much of the lower section of the new wards had been

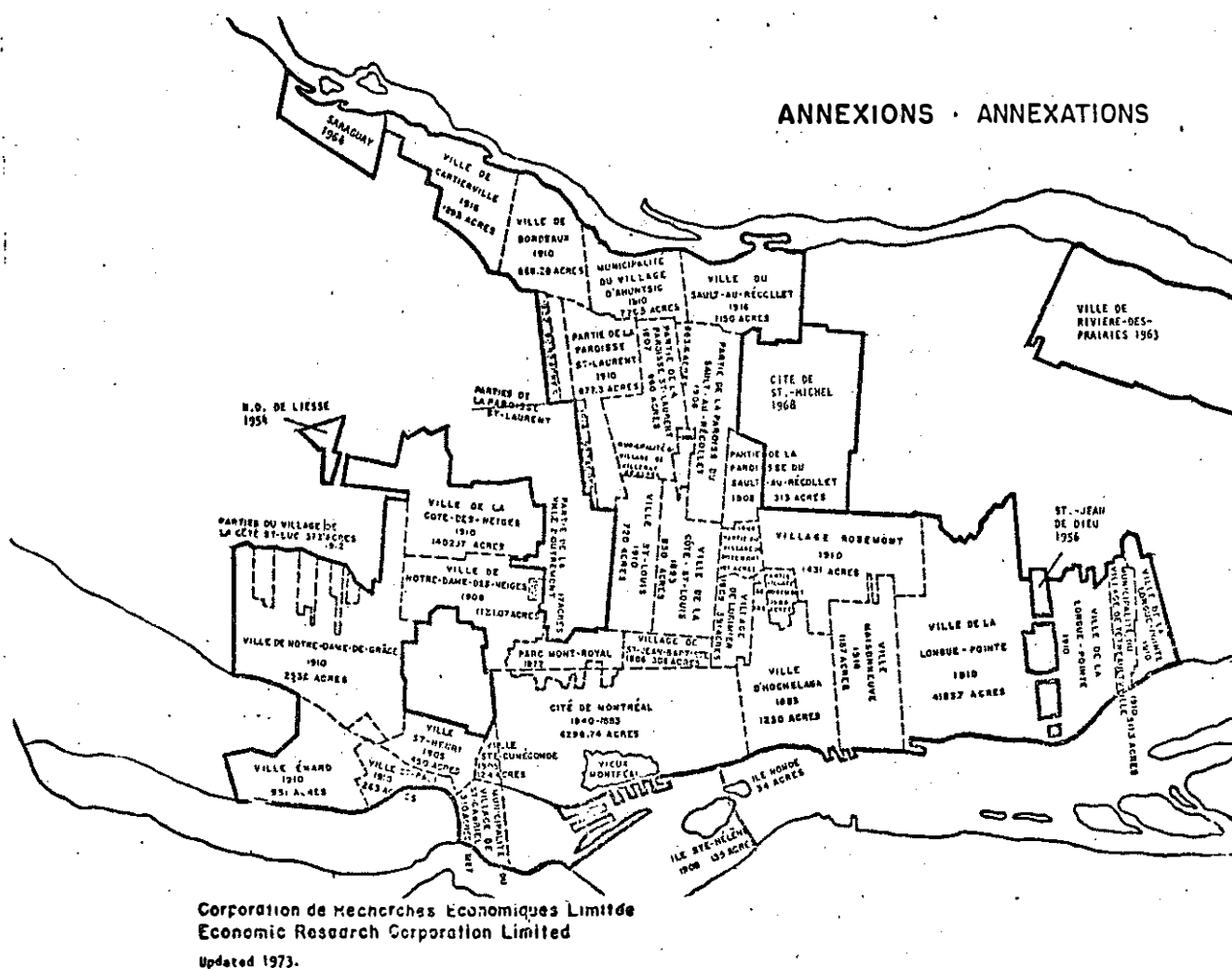
<sup>38/</sup> CAB, September, 1897.

<sup>39/</sup> 1891 Census, Vol. I, Table II, 66.

built up in the 1850s as the railways and increasing industrialization drew thousands of native-born and foreign immigrants to the city. During the '50s and the enormous residential building boom of the early '60s and early '70s residential construction moved northward towards the city's boundaries at Mount Royal and Pine Street.

Despite the continuing boom of the early '60s the population increased by only 19 per cent in the decade. In the 1870s, however, it was to leap from 107,000 to 155,000, an increase of 45 per cent and the second greatest in its history. New industry now favoured the east end, where the population grew twice as fast as in the west. During the 1870s, population started to expand beyond the city's political boundaries, and old farmlands disappeared. The expansion increased during the boom of the 1880s. Suburban boundaries grew even more quickly, and the increased population during the 1880s was partly the result of the annexation of adjoining municipalities. Hochelaga, annexed in 1883, had a population of 4,600 of whom 3,800 were French Canadians who worked in the tanneries, slaughterhouses, the gas refinery, cotton mill and tobacco factory. St. Jean Baptiste centred on the quarries north of Montreal and with a population of over 6,000 by 1886, when it was annexed, was linked to the City by the St. Laurent Street Passenger railway. St. Gabriel (annexed in 1887) and Ste.-Cunégonde grew rapidly to the west along both sides of the Lachine Canal as industry and residential areas expanded.

The same pattern continued during the 1890s, when the growth of the city fell to 22 per cent but that of Greater Montreal as a whole



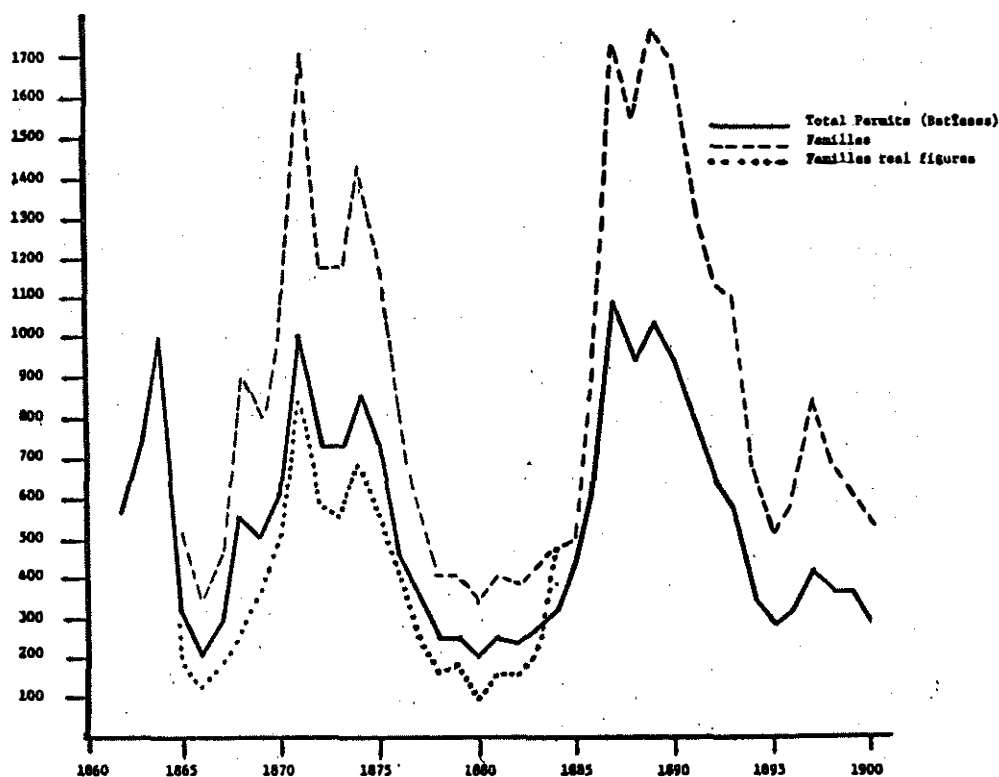
remained above 43 per cent as it had in the 1880s. Within the city, the newly annexed areas and St. Louis (annexed in 1893) had much of the population increase. Outside the city, expansion continued westward along the Canal and eastward on the St. Lawrence beyond Hochelaga. By the end of the century Montreal had a population of 267,730, and almost another 100,000 lived on the island.

Residential construction in Montreal appears to have kept pace

with the growing population. According to the census the number of people per dwelling moved from 6.6 in 1871 to 6.2 in 1881 and 5.7 and 5.5 ten and twenty years later.

CHART III<sup>40/</sup>

Residential Construction  
Montreal 1862-1900



While the estimates of the annual construction are outlined in Chart III, the available data, unfortunately, is not absolutely clear. Records in the Montreal archives used the word permit, and maison for

<sup>40/</sup> Steele, "Residential Construction 1867-1920," Table A4.

the series represented above by permits. Initially we believed those represented permits for a house. However, the word used in *Rapports sur les comptes de la corporation de la cité de Montréal et rapports des chefs de département pour l'année 1893* (Montreal, 1894) are "nouvelles batisses" for the corresponding figures. We have concluded, therefore, that they represent building permits. The second column in the archival records is "familles." Until 1883 the number of familles was always smaller than the total number of permits, and after 1883 always greater. A hasty conclusion would be that 1884 represented the arrival of the multiple family dwelling, but that is absurd. More likely it represented a change in procedure, associated with the arrival of Pierre Lacroix to replace O. Rouillard as the superintendent of buildings. Presumably each family unit was now counted separately. Steele calculated the familles permit ratio as 1.62. Her figures are used for the familles line in Chart III, and the actual numbers are shown in the subsidiary dotted line. If the real figures were used for the 1870s the city would have built only 4,248 new dwellings for a population increase of 48,000, whereas with Steele's estimates the ratio would be 1:5.3 instead of 1:11.3. Making rough adjustments for annexations the ratio in the '80s and '90s was about 1:5. The year of peak construction was 1887 when 1,076 permits were issued for 1,725 familles, 86 stores, 12 manufacturing establishments, one hotel and 9 offices with a value of \$4.8 million. The 1884

value, the first of which we have a record, was \$1 million.<sup>41/</sup>

Little is known of the process by which Montreal met the demand for new housing, but the results are reasonably clear. The Montreal of 1931, where only 14.9 per cent of the residents owned their own homes, and of 1934, where over 90 per cent of the wage earners did not live in detached houses, had taken shape by the end of the nineteenth century.<sup>42/</sup> As far as can be determined 50 per cent of all Montrealers lived in multiple family dwellings in 1871 (compared to about 15 per cent in Toronto).<sup>43/</sup> In 1896 Herbert Ames concluded from a detailed survey that in the "city below the hill," the working class district of the lower west end, almost no one lived in single family dwellings.<sup>44/</sup>

<sup>41/</sup> Manuscript records in the City Archives of Montreal. These archival figures are not consistent with those published in the CAB in the late 1890s, however, and again must be used with caution.

<sup>42/</sup> Greenway, Housing in Canada: A study on the Census of 1931, 117; Montreal Board of Trade, Housing and Slum Clearance for Montreal, (Montreal 1934). According to the latter report 75 per cent of Montrealers lived in two and three storey flats, 8 per cent in self-contained homes, and the remainder in conversions and apartments. With the exception of Verdun, Montreal had the lowest percentage of owner-occupied homes among Canadian cities over 30,000. The highest was Kitchener with 56.6 per cent. All the large western cities were over 50 per cent with the exception of Winnipeg (47), Toronto had 46.5, Ottawa 35.2 and Quebec city 25.3. By 1941 Montreal had fallen to 11.5 according to the 1941 census. Toronto had fallen during the same decade to 43.8 per cent.

<sup>43/</sup> Estimates from the 1871 census.

<sup>44/</sup> Herbert Brown Ames, The City Below the Hill, (Toronto 1972). A promotional book on Montreal published in 1896 observed: "one notable feature of the dealings in Montreal real estate is the number of sales that are made to persons of the middle class. Our city has more taxpayers in proportion to the population than any other in the country. It is becoming more and more every year a city of homes, where the working and salaried classes own the property they occupy." Montreal of To-day, Dominion Publishing & Engraving Co., (Montreal 1896), 64. The conclusion is not supported by any contemporary evidence.



Herbert Ames was a wealthy manufacturer whose factory lay in the "city below the hill." He was a strong critic of municipal corruption and, while distrustful of the state, voiced many of the concerns of turn-of-the century progressivism. Ames' pioneering sociological study was of a city whose population had increased two and a half times since Confederation, and whose industrial or wage earning population had increased from about 15,000 to 50,000 in the same period. The result of half a century of rapid commercial and industrial growth was not one city, said Ames, but two:

"The City above the hill" is the home of the classes. Within its well-built residences will be found the captains of industry, the owners of real estate, and those who labor with brain rather than hand. Here in predominating proportion reside the employing, the professional and the salaried classes. The manual worker in this district is indeed rare, the home of the poor cannot there be found. It is the exclusive habitat of the rich and of the well-to-do.

"The City below the hill," on the other hand, is the dwelling place of the masses. Here it is the rich man that one finds it difficult to discover. Salaried and professional men are not entirely lacking, but even when to their number are added the shop-keepers and hotel men, these together represent but 15 per cent of its population belong to this, the real industrial class. This area is not without its poor, and as in other cities, a submerged tenth is present with its claims upon neighborly sympathy. 45/

To enlighten the "city above the hill" Ames selected an area of heavily industrialized Montreal in Ste. Anne and southern St. Antoine wards, bounded by a line drawn from the "intersection of the C.P.R. by the city limits, St. Patrick's church, the middle of the guard

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45/ Ames, City Below the Hill, 6.

pier, and St. Gabriel's church.... This district, including parts of the canals and wharves, parks, streets, etc., is about a square mile in extent and includes 475 acres dedicated to purposes of business and residence. Since nearly thirty-eight thousand persons dwell and about seventeen thousand persons labour therein, we have here sufficient material to enable us to strike reasonable averages and form fair conclusions." The "reasonable averages and fair conclusions" could be summarized as follows:

- 4,709 places of residence contained 8,390 tenements and housed 7,670 families and 2,478 boarders
- few residences were owner occupied
- the average family size was 4.6 and the average family income was \$11.00
- 880 families earned less than \$5 a week with regular employment
- there was an average of 1.78 tenements per building and in some areas the average ran to 2.15
- many of the tenements fronted on the side or rear,<sup>46/</sup> and nearly 50 per cent of the households had outdoor privies. <sup>47/</sup>

<sup>46/</sup>"The rear tenement is rarely well built," Ames reported, "and, being hidden from the public eye, is oftentimes permitted to be occupied long after it has fallen into such a state of decay that it is no longer fit for human habitation. If one desires to find where drunkenness and crime, disease and death, poverty and distress are most in evidence in western Montreal, he has only to search out the rear tenements. The typical rear tenement is either an ancient wooden cottage of the rural habitant type or a two-storey building encased in refuse bricks and reached by rickety wooden stairs and galleries." Ibid., 44-45.

<sup>47/</sup>"It will doubtless be unexpected information to many of the citizens of the upper city - where such a thing is unknown - to learn that that relic of rural conditions, that insanitary abomination, the out-of-door pit-in-the-ground privy, is still to be found in the densely populated heart of our city." Ibid.

- rentals ranged from \$16 a month in the north to \$6.30, with an overall average of \$8.75
- there were no measurable differences between the French Canadian, Irish Canadian, and English Canadian residents 48/

While Ames undoubtedly had carefully chosen a showpiece to shock the city above the hill, much the same might be said of the industrial city that spread along the canal and river from Lachine to Hochelaga. Even in the more expensive accommodation to the north, the typical home was a flat in a two or three storey building. In 1895 the Canadian Architect reported on the building activity along Notre Dame:

All the buildings put up on that street are three stories in height. The ground floor being devoted to stores and the two stories above to dwellings, and of pretty much the same type as those recently erected on St. Lawrence Main Street, with the exception of a slight improvement in design and more frequent use of stone. 49/

By the 1890s, although Ames and his friends built their mansions on the hill and the middle class sought out single family suburbs, the two and three storey building with its outside stairs, its 'boom town' front or façade postiche, the plank sheeting faced with brick or stone, galvanized iron ornamentation, and the more or less flat roof had

48/ Examining much the same section of Montreal as had Ames, the Economic Research Corporation observed in 1961 that more than half the buildings pre-dated 1879 and should be demolished. As late as 1961, three-quarters of the houses accommodating 238 families in Victoriatown, under Victoria bridge, had been built before 1879. Economic Research Corporation, Comprehensive Urban Renewal Study, (Montreal 1961), 85-86.

49/ CAB, January 1895.

become the dominant architectural style for much of Montreal. Changes in building materials altered the appearance, usually for the worse; le toit en appentis became increasingly widespread, but the basic design of much residential housing remained the same.<sup>50/</sup> Contemporaries frequently commented on the absence of single family homes and the density of housing. In December 1892 the Canadian Architect commented that while the excessive territorial expansion of Toronto was "entirely due to speculators and wire-pulling" it was "high time that Montreal spread a little, for the population is closely packed. The system of 'tenements' (houses of four floors, two floors in a tenement with separate entrances) that prevails even in the best localities, disguises the fact of overcrowding from the casual observer. But

<sup>50/</sup> On changing architectural styles see Michel Lessard and Huguette Marquis, *Encyclopédie de La Maison Québécoise*, (Montreal 1972). The 1891 census stated that of the 31,931 houses 23,371 were brick, 3,604 wood, and 4,955 stone although the brick and stone undoubtedly include those with only the facing. Surprisingly, 14,502 had one storey, 11,702 had two and 4,049 three storeys. The exact dating of the appearance of the two or three storey town house is difficult although building reports make clear it was characteristic by the 1870s. Paul-Yves Denis has written: "The beginning of the 19th century saw the appearance of the first town houses, rows of contiguous dwellings, their external walls faced with freestone originating in the many quarries on the margins of the city.... It was not long before brick-facing over a wooden frame seriously challenged the stone that had hitherto been used for the façades.... External staircases and balconies first made their appearance at the same time as the brick fronts. For more than forty years they conserved their popularity with the building constructors. For these entrepreneurs they simplified the task and diminished the costs to such an extent that this style became the virtual archetype of the Montreal dwelling. "The reaction began in the 1920s, and in the late 1900s a by-law prohibited the outside staircase. Paul-Yves Denis, "The Development of the various districts," in *Montreal: Field Guide*, edited by Ludger Beauregard, (Montreal 1972), 80-81.

while the plan may seem to lessen taxation, rents are very high, the majority of tenement tenants paying far more for their two floors than people in Toronto pay for a 'self-contained' home and a bit of garden."

The large developer seems to have been less in evidence in Montreal than in Toronto, and much residential construction appears to have been carried on by small speculators and proprietors. Although nineteenth century evidence is mute, some twentieth century comment suggests that the multiple family dwelling rather than the single home was a product not only of land costs or income level, but also of preferences by the community, whether owner or tenant. Appearing before the Housing Committee of the House of Commons in 1935 J. C. Rancourt, president of the Montreal Federation of Workers, stated that the "family spirit" and the "desire to own their own home" were strong in Quebec:

Q. - What do you mean by "your own home" in Montreal?

A. - Owning a property.

Q. - You mean a property? A. - Property that may lodge one or two families - it does not matter.

Q. - He wants to be a small proprietor? A. - A small proprietor.

Q. - Probably a three storey dwelling where he can rent two apartments above him? A. - Maybe one only?

Q. - One or two? A. - It does not matter.

Q. - That means every proprietor may have one or two other families who are paying him rent? A. - Not exactly.

Q. - Why not? A. - Because in many quarters and in many districts in Montreal people are building just one family houses.

Hon. Mr. Elliott: If he could accomplish it the wish would be much greater for him to have a home of his own, without dividing it up with anybody else.

Mr. Stanley: The second generation starts on the top flat.

The Witness: I believe in Montreal why you see so many two or three family houses, is that many of the families would like to stay there and get some of their own kind in there to help them out until they can become proprietors themselves. 51/

Referring to the inefficiency of the typical three-storey building, the 1934 Report on Housing and Slum Clearance commented: "That the small proprietor has tried to make a safe investment in moderate rental housing is all to his credit. That he is failing to provide a more efficient type of low rent dwelling cannot be held against him. This can only be achieved by large scale operations and corporate management."<sup>52/</sup>

There were undoubtedly many developments of varying sizes. By 1899, for example, developers had acquired the Viau estate on the Montreal-Maisonneuve boundary and were creating a 4,000 unit subdivision.<sup>53/</sup> Many similar large scale developments occurred during the boom years of the early twentieth century, and it is likely that

<sup>51/</sup> House of Commons Special Committee on Housing, Minutes of Proceedings and Evidence, (Ottawa 1935), 227.

<sup>52/</sup> Housing and Slum Clearance, 12.

<sup>53/</sup> CAB, August 1899.

they had occurred before. But the pattern of construction appears to have been comparable to that of ownership - a large number of proprietors building and/or owning a small number of dwelling units, but a low level of home ownership.<sup>54/</sup>

### Winnipeg

Winnipeg arose as nothing more than a free traders' community outside the walls of Upper Fort Garry, the end of the line for fur traders but not for furs. The junction of the Red and Assiniboine had developed as an infant settlement, a strange blend of agriculture, trade and transportation, and primitive social welfare. By 1859, the Hudson's Bay Company had found that general trade at the Fort Garry stores made more profit than the local fur trade. Others had made the same discovery, among them Henry McKenney, an Upper Canadian who,

<sup>54/</sup>The supposition could be checked by a survey of the assessment rolls. In 1925 Arthur Saint-Pierre sought to find out what percentage of Montrealers lived in their own home. He observed, using municipal figures, that there were 41,750 maisons in the city and 133,169 logements. Of the maisons, 7,682 were occupied exclusively by their owners. He then commented: "Sur le nombre des personnes qui se partagent de la propriété des 33,888 maisons restant, nous ne possédons pas le plus petit indice. Très arbitrairement, je vous l'avoue, je l'ai fixé à 16,944, soit exactement la gratuite que chaque propriétaire possédait en moyenne dont il occupait l'un et louait les autres. Nous arrivons ainsi à un chiffre de 24,626 propriétaires...." His estimate that at best 20 per cent of Montrealers owned their own home, was too high. But it is unlikely that Saint-Pierre would have used the two buildings per owner unless such levels of ownership of several units was common. Arthur Saint-Pierre, Le Problème social: quelques éléments de solution. (Montreal 1926), 105-106.

after running a store in Minnesota Territory, had followed many American traders and merchants into the Red River territory.

By 1862 McKenney's Royal Hotel was one of the dozen business establishments outside the walls of the Fort. Later that year he moved into general merchandising and selected a new location where the fur runners' trail from the Assiniboine to the Fort crossed the trail running down the Red. McKenney's contemporaries mocked his decision to locate in a swamp far from the river, but McKenney had selected the site of the city of Winnipeg. His store was on the present corner of Portage and Main, and his plot of worthless prairie swamp was sold for a reported \$15,000 in 1876.

McKenney and others initially were retailers, but the city became the wholesaling centre of the west, first as a subsidiary of and then partly as a competitor to Montreal and Toronto. As its hinterland grew so did its commerce, ultimately bringing an important role in the collection of staples (railways and the Grain Exchange), a branch plant role as the financial intermediary centre for the west, and an industrial centre for the manufacture and assembly of materials for hinterland consumption. Only the garment industry was an indigenous product of the city itself, arising from a combination of local need and the commercial ambitions and craft experiences of many of its



immigrants.<sup>55/</sup>

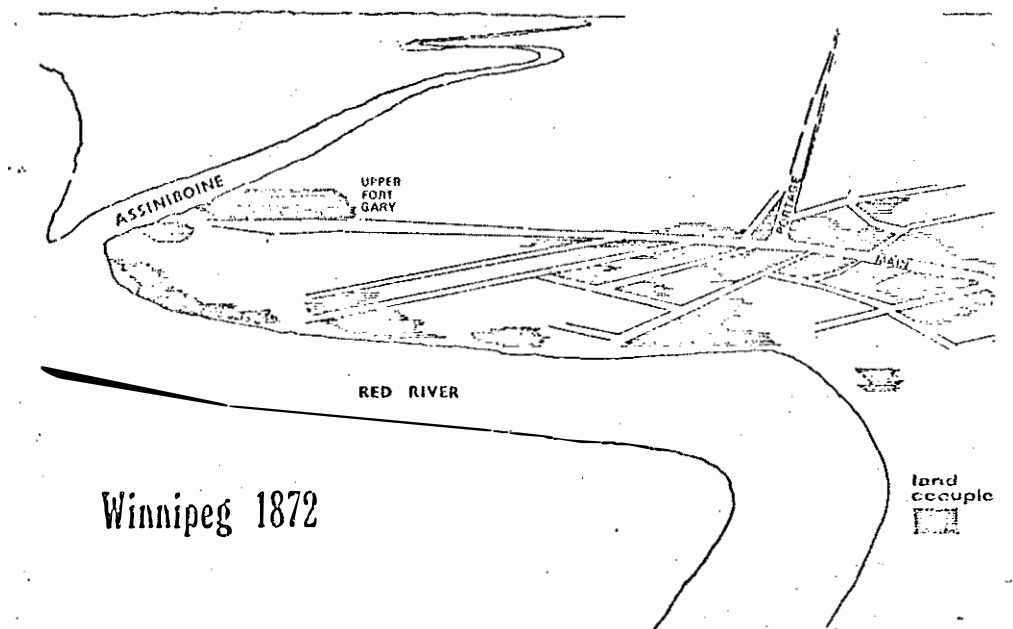
The name was first given to the community of residences and stores outside the fort in 1866 by the Nor-Wester, which carefully explained that Cree for muddy water was Win Nippee. By 1870 the name was found on most maps, and in 1876, several years after incorporation, the federal post-office adopted the new name. A contemporary traveller described the city in 1868 on the eve of its first boom:

What a sorry sight was presented by that long-thought-of town of Winnipeg on the day we entered it! What a mass of soft, black, slippery and sticky Red River mud was everywhere spread out before us! Streets with neither sidewalks nor crossings, with now and again a good sized pit of mire for the traveller to avoid or flounder through as best he could; a few small stores with poor goods and high prices; one little tavern where 'Dutch George' was 'monarch of all his survey'; a few passable dwellings with no 'rooms to let', nor space for boarders; neither church nor school in sight or in prospect; population was about one hundred instead of one thousand as we expected - such was Winnipeg on July 4th, 1868. 56/

But the boom was on its way as the federal government negotiated to acquire the northwest from the Bay, and Louis Riel's resistance

<sup>55/</sup>The most useful secondary sources on the early development of Winnipeg are: Alan Artibise, "A Social History of Urban Growth: city of Winnipeg, 1874-1914," (PhD thesis: University of British Columbia 1971); Hans August Hossé, "The Areal Growth and Functional Development of Winnipeg from 1870 to 1913," (MA thesis: University of Manitoba 1956); Report and Recommendations of the Greater Winnipeg Investigating Commission, Vol. I (Winnipeg 1959), 44 ff; W. L. Morton, Manitoba - A History, (Toronto 1957) is also useful. City directories and city of Winnipeg municipal manuals provide detailed information on the commercial development of the city.

<sup>56/</sup>Cited in Artibise, "Social History of Urban Growth," draft, chapter I.



led to the creation of the province of Manitoba. Winnipeg became the seat of government, and the headquarters for federal offices and the military in the west. Ontario settlers and merchants followed the annexation, as George Brown had said they would, and Sir Georges Cartier sent a handful of Québec politicians to provide lay leadership for the métis community. The population passed 1,000 in 1871-72 and with its floating inhabitants neared 4,000 by the end of 1874. When the town was incorporated in 1873, the 30 buildings it possessed when it became the provincial capital in 1870 had grown to over nine hundred: among them were 408 dwellings, 17 hotels, and seven saloons, 27 manufacturers, 23 boarding houses, four dry goods, two banks and five bookstores. Three saw mills, two planing mills, three brick yards, and two flour and grist mills constituted the industrial

component.<sup>57/</sup>

A pattern that was to follow the city's growth had already been established: the quickest, if not the surest road to fortune lay in real estate. Speculation in land started as soon as the city was designated the provincial capital, and increased as the early immigrants moved in. The old settlers were first on the ground, and many a Winnipeg fortune was made in real estate in the early 1870s. The Hudson's Bay Company bought up large tracts of land near its fort between Notre Dame, Main Street and the Assiniboine river, much of which it held as a reserve for even better times, thus deflecting the early growth of the city north of Notre Dame. By 1880 there were 59 financial and real estate companies in a city that then could boast of a population of only 6,000.<sup>58/</sup>

By 1880, Winnipeg had improved transportation links with both the outside world and its growing hinterland. The first steamboat had been placed in service on the Red River in 1859, and by the early 1870s a number of steamboats were regularly plying the Red between Winnipeg and the United States, and there were steamboats on Lake Winnipeg as well. The extension of the Northern Pacific to Fargo, North Dakota, brought the head of steel even closer. From Winnipeg improved roads - improved through heavy traffic, not construction -

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<sup>57/</sup> Public Archives of Manitoba, Industries of Winnipeg 1886. See also Hosse, "Areal Growth and Functional Development," chapter III and Artibise, "Social History of Urban Growth," chapter I.

<sup>58/</sup> Cited in Artibise, "Social History of Urban Growth," chapter I.

replaced the cart trails to the west. By 1872 there was a regular stage service to Selkirk, and three years later weekly stage service between Winnipeg and the thriving prairie town of Portage.

But it was the railroad to the Pacific that obsessed Winnipeggers and Manitobans. Every rumour about the site of the line, every bar-room whisper of where it might cross the Red or where the government (or later the syndicate) might locate its offices and yards brought a flurry of excitement and real estate speculation throughout the province. Emerson, Selkirk, and a host of other aspiring communities competed with Winnipeg for the decision that would make it the "gateway to the prairies" or the "Chicago of the Canadian west." In 1878, the St. Paul, Minneapolis and Manitoba, owned by the syndicate that was to build and acquire the Canadian Pacific, built north from the American border. When the first train arrived at St. Boniface in December 1878, Manitoba was connected via St. Paul to the railway network of North America. But until the location of the Pacific railway had been determined the line to the south stayed east of the Red River.

The decision to build the Canadian Pacific through Winnipeg led to one of the greatest land booms in Canadian history. "The excitement during the fall of 1881 amongst real estate owners was intense," wrote John Macoun. "Nothing to equal it has ever before occurred on Canadian or British soil. Thousands of dollars were made by operators in a few minutes. Vast fortunes were secured in a day. The excitement

spread like wildfire all over the country,"<sup>59/</sup> and every train deposited its group of frontier fortune seekers come to exploit the speculative riches of Win Nippee. The city was jammed, acres of tents providing accommodation for those who were unable to find a boarding house or hotel. Building demand far outran the capacity of the local builders, and at least one shipment of pre-cut houses arrived from Ontario in the spring of 1882. The real estate boom in urban property spread across the prairies in advance and behind the tracklayers until it burned itself out in Vancouver five years later. But the greatest of all was in Winnipeg in 1881-1883. When it burst, fortunes had been made, and fortunes had been lost. But the city of Winnipeg was transformed.

Between 1875 and 1878 the population had increased from 2,000 to 3,000. A thousand were added in 1879 and 2,000 in 1880. Between 1881 and 1884 the population leaped from 6,000 to more than 17,000.<sup>60/</sup> Anticipating the glorious future rather than reflecting a current land shortage, the city fathers extended the city's boundaries further into the unsettled prairies in 1882, almost to the present political limits, of the city proper. The 408 dwellings in 1873 had grown to 1,274 houses in 1881 in which lived 1,427 families.<sup>61/</sup> In 1875 the residences had largely centred near the commercial centre, which had been

<sup>59/</sup> John Macoun, *History of the Great North-West*, (Guelph 1882), 494-95.

<sup>60/</sup> Figures of City Assessor.

<sup>61/</sup> 1881 Census, Vol. I, Table I.

confirmed around the corner of Portage and Main. The population explosion opened up new residential areas around the city. The birds' eye views of 1880 and 1884 pictorially reveal increasing density in the older areas, and the growth of new residential areas such as Fort Rouge, Armstrong's Point in the meander of the Assiniboine, Portage west, north along Main and on both sides of Notre Dame. The old Hudson's Bay lands were sold and developed, and the Fort itself had been ripped down and the stone carried away by builders desperate for any kind of building materials.<sup>62/</sup> The fashionable areas were no longer near the expanding commercial core but beginning to move to Fort Rouge and, above all, to around Armstrong's Point, now the fashionable Gates.

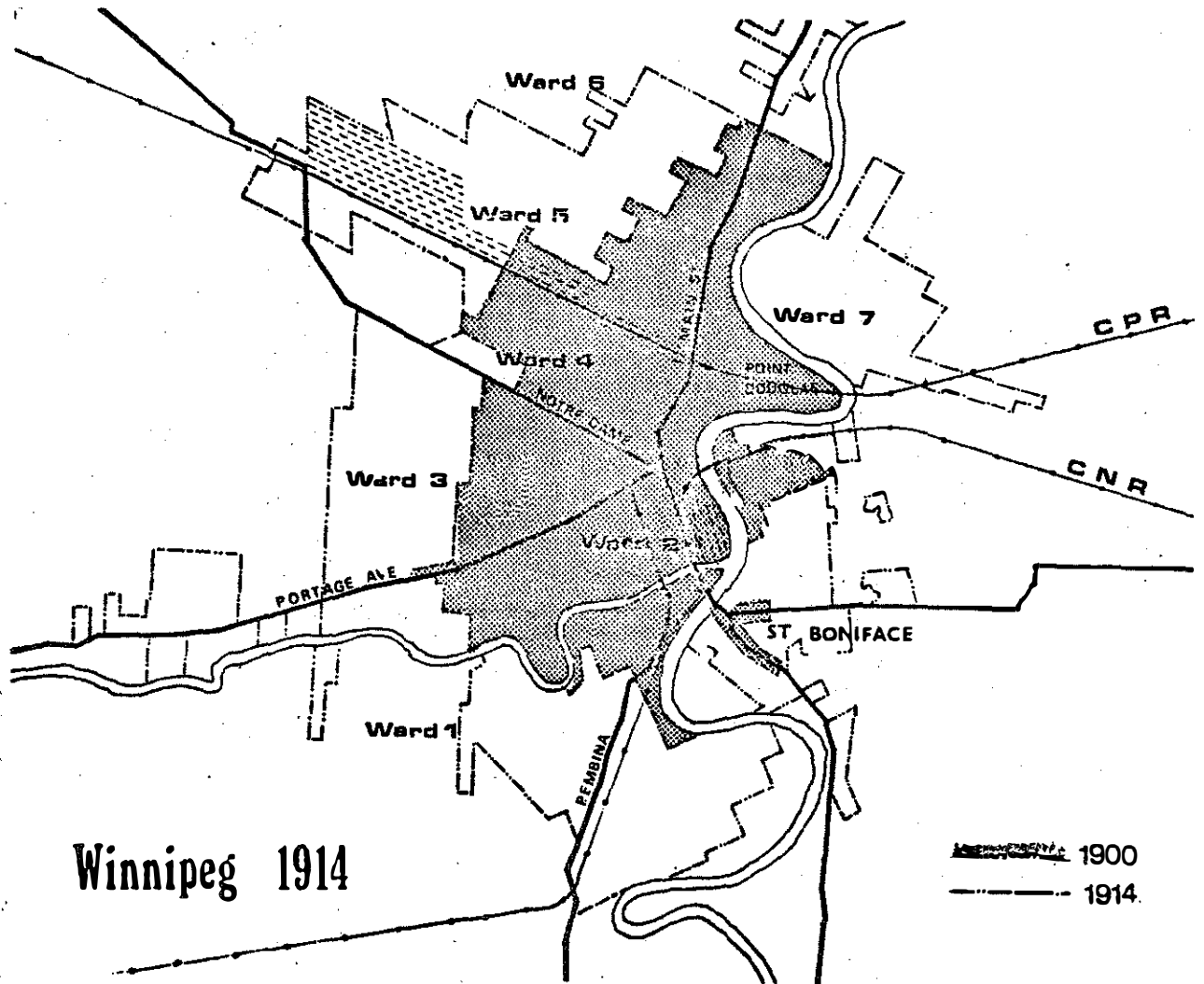
The location of the Canadian Pacific line through the city and Point Douglas dominated the physical landscape. The railway dictated the residential pattern, as it did much of the industrial and mercantile structure of the early city. Many of the newer industries located along or close to the tracks, while some manufacturing companies built spur lines to their plants. High class commerce remained on Main, while the rapidly expanding wholesale industry moved down the side streets off Main to secure the needed cheap space.<sup>63/</sup>

While the historian can measure and see the results of the building boom, he knows almost nothing about the process of construction

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<sup>62/</sup> Hosse, "Areal Growth and Functional Development," 115.

<sup>63/</sup> Ibid., 102-03.



itself. The census of 1881 states that 14.2 per cent of the work force was in the building trades. However, an 1882 industrial and commercial survey (and other contemporary sources) fail to mention builders or contractors. There were five sawmills or lumber yards, two brick yards, and a number of building suppliers. The largest manufacturing concern, however, was a lumber manufacturing company that employed 695 men and produced \$2.2 million worth of lumber to supply the construction industry in Winnipeg and Manitoba. Another

survey in 1886 lists a number of plumbing and wallpaper companies, but neither builders nor contractors. Lumber manufacturers and wholesalers probably participated in the actual construction. Many homes were owner built, as they continued to be well into the twentieth century. Brick yards may well have supplied brick layers. Hundreds of men were self-employed carpenters or bricklayers, and the typical contractor was undoubtedly an experienced carpenter who hired day labour.<sup>64/</sup>

However, well after the turn of the century, the press carried a story on Kelly Brothers, one of the largest firms in the west. The firm had been established in 1879, ran the report, and by 1900 had its own brick yards, stone quarry, steel shop, mill, concrete mixers, and hoists. Kelly Brothers employed between 800 and 1,000 men, and apparently did not sub-contract. It may have been the earliest vertically integrated construction company in Canada. While the Canadian Pacific undoubtedly constructed its own yards, station, and shops, the size of other buildings (like the \$640,000 Cauchon apartment block, the first in the city, which went up in 1884) demanded some contractors who could work in heavy materials, and one can only assume they existed.

From 1885 to the boom years at the turn of the century, Winnipeg experienced relatively solid and steady growth, although to contemporaries who had experienced the halcyon days of the early 1880s

<sup>64/</sup> J. Steen and W. Bryce, Winnipeg, Manitoba and Her Industries, (Winnipeg 1882).



times seemed not only dull but dead. Unlike the speculative towns on the railroad or on the agricultural frontier, Winnipeg had a solid base from which to grow. The Canadian Pacific centred its prairie construction and its operations in Winnipeg. By 1900, 12 branch lines radiated out from the city. As settlement in Manitoba grew from 62,000 in 1881 to 152,000 in 1891 and on to 255,000 in 1901, and that of the northwest from 50,000 in 1881 to 160,000 in 1901, Winnipeg merchants and manufacturers prospered. Settlers accounts reveal that many of the 48,000 who took up homesteads in the period from 1885 to 1900 made the necessary provisioning and other arrangements in the gateway to the west. Wholesaling expanded with the growth of the hinterland, and while manufacturing did not recover the buoyancy of the earlier boom years, by 1900 there were 307 industrial establishments employing more than 2,200 employees, and producing goods worth \$5.6 million. By the end of the boom, Winnipeg had become the grain capital of the country. The building of the Grain Exchange in 1887 on Princess Street led to a concentration of financial and brokerage firms near it. By 1901, two years after the federal government confirmed its position by making the inspection of grain at Winnipeg compulsory, there were 26 grain companies and brokers in the city.

The population of the city only grew from 19,500 in 1885 to 23,000 five years later, but reached 40,000 by the turn of the century. Residential construction kept pace with the growing population. The housing stock of 4,544 occupied dwellings in 1891 reached 7,496 ten

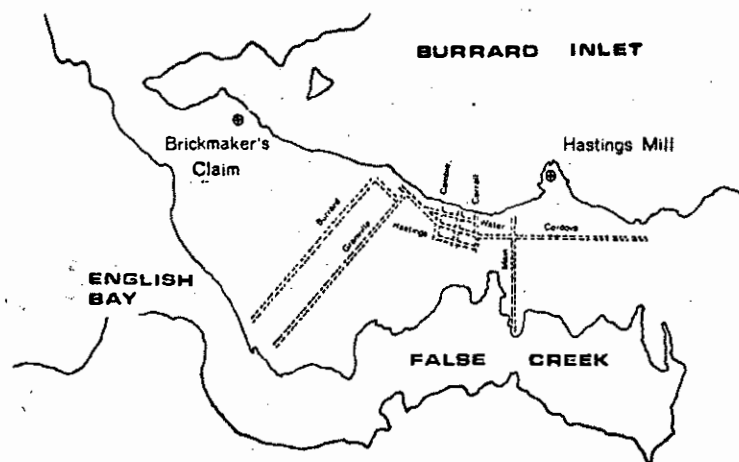
years later, to maintain a 1:5.65 ratio over the decade.<sup>65/</sup> The urban fringe expanded very little, but there was an increasing density of population within the settled areas of the boom period. The rich reflected their accumulation of capital during the boom, and in the uninspiring years afterwards, by building bigger and better homes in the first-class residential areas of Armstrong's Point and along River Road on the other side of the Assiniboine River. The older middle class homes in the old Hudson's Bay Company lands gradually became rooming houses, and a working class residential district located in Point Douglas, and spread out close to the industrial districts along the C.P.R. line and east of Main Street. The appearance of the first electric street car in 1892 - horse drawn trams appeared in 1882 - and the arrival of the long distance telephone (between Winnipeg and Selkirk in 1887) helped to integrate the city internally and strengthen its mercantile control over the western hinterland. Across the river, St. Boniface began to develop as an important industrial and residential centre when it became the slaughterhouse capital of the western ranching industry. Two new bridges crossed the Red and integrated the predominantly French-and English-speaking communities.

By the end of the nineteenth century Winnipeg had been firmly established as the commercial capital of western Canada and was about to reap the fruits of its strategic position.

<sup>65/</sup> 1891, 1901 Census. The ratio had been 1:6.27 in 1881. The ratio of families to houses was 1:1.12, 1:1.09 and 1:1.06 at the three census dates.

## Vancouver

While the newly knighted Sir John A. Macdonald and his cabinet were preparing their first legislative programme for the new nation, Gassy Jack Deighton quit his job as a Fraser River Pilot to make his fortune as an innkeeper on Burrard Inlet.<sup>66/</sup> On the last day of September Gassy Jack arrived on the inlet "with his Indian woman, her mother, her cousin (a big Indian who was the motive power of the canoe....), a yellow dog, two chickens, two weak-backed chairs and a barrel of whisky." Selecting a spot far enough away from Stamp's



mill to be beyond the company's control but close enough to cater to the mill workers trade (now the intersection of Water and Carrall Streets), he "began to pass the

loving-cup with an unstinting hand, telling that he had come to start a little business, that his means were limited and he would be glad to

<sup>66/</sup> This narrative has relied heavily on reports of the Board of Trade, historical maps, newspapers, city directories and contemporary photographs. The best secondary sources are Alan Morley, *Vancouver - From Milltown to Metropolis*, (Vancouver 1969); Patricia Roy, "The Rise of Vancouver as a Metropolitan Centre 1886-1929," (BA thesis: University of British Columbia 1960), and "Railways, Politicians and the development of Vancouver," (MA thesis: University of British Columbia 1961); and Eric Nicol, *Vancouver*, (Toronto 1970).

accept any assistance in the way of building the house." There was no need for a building permit, or even a survey. "Saws and hammers fell from heaven, and the populace, led by an errant carpenter named Mike McNamara, joined the work. In 24 hours, Deighton House flung open its doors to the public." Gastown, later Granville and now Vancouver, had been born.<sup>67/</sup>

Three years later the two-block long clearing along the inlet faced the ordeal of its first survey. Officially named Granville, the townsite included the area between Carrall, Hastings and Cambie Streets, with most of the lots north of Carrall largely under water. The first of many land sales took place on April 11. Gassy Jack bought his lot for \$135, and six other lots went to the owners of three stores, a hotel and a saloon. Since the traffic was largely by water most of the buildings operated from a dock or wharf. There were no bidders on the land as far south as Cordova or Hastings, where bush lots were priced at \$50.<sup>68/</sup>

No Canadian city deserves as prominent a place in a history of the construction industry as Vancouver. All cities were built by the construction industry; Vancouver was initially built for it. The location of Burrard Inlet and English Bay was first seen as a valuable port and anchorage by the Royal Navy, and first attracted minor attention when thin seams of coal were discovered at Coal Harbour at

<sup>67/</sup> Morley, From Milltown to Metropolis, 35.

<sup>68/</sup> Ibid., 42.

the entrance to Stanley Park. But it was really the rich forests of fir and pine that began the economic development of the inlet. When New Westminster was flourishing as the commercial entrepôt (and later the capital) of the mainland colony, and the Fraser River was seen as the water artery of the colony, Vancouver was little more than a brickmaker's shack and a couple of logging camps and sawmills.

The Inlet slumbered for well over a decade. In 1874 the Victoria Directory listed the male population of the three settlements as 146 males and 14 Chinamen.<sup>69/</sup> By 1884, although the Inlet often harboured as many as 40 to 50 lumber ships, the population of Gastown was estimated at between 400 and 600. By then a road linked the scattered settlements along the south shore, and Gastown was connected to the outside world by a telegraph.

Meanwhile, Port Moody, the declared western terminus of the Canadian Pacific, was flourishing. From the time construction of the line started in 1880, ships carrying Onderdonk's supplies - track, equipment, locomotives and labour - steamed up the Inlet and disgorged their cargo for the head of steel. But no one had been happy with the location, which had the advantage of being the closest tide-water port to the line but had inadequate harbour facilities and could be reached only by negotiating the difficult second narrows. The provincial government was anxious to have the C.P.R. move 12 miles west to Coal Harbour or English Bay, supposedly because it had large

<sup>69/</sup> Ibid., 52.

land reserves along the Inlet. The C.P.R. was anxious to move not only to a better location but also to an area where the land had not all been acquired, as it had around Port Moody. In August 1884 William Van Horne journeyed west to look over the land, and very quickly decided that English Bay provided the best harbour and site for a terminal. On his return he wrote to Premier Smyth:

In as much as a comprehensive plan for a terminus, providing reasonably for the future as well as the present, will involve a large immediate outlay of money, and as the present available resources of the Company are required for the completion of their undertaking with the Government, they do not see their way clear to the extension of their line of railway beyond Port Moody, and the provision of the necessary docks and other facilities at a new point, unless they can acquire sufficient property so situated as to be made immediately saleable for sufficient amount to recoup the outlay mentioned. 70/

The sufficient amount was only 11,000 acres of prime property, including all of the Granville townsite and much of Point Grey. The government countered with an offer of 6,000 acres. In addition, large landholders, realizing the increased value of the remainder, apparently were willing to give the C.P.R. a third of their holdings. The deal completed and the C.P.R. the proud owners of the entire waterfront from Gore Avenue to Stanley Park and much of the rest of Vancouver, Van Horne's surveyors laid out the town in 1885. He decided to call it Vancouver, but it might more appropriately have been called C.P.R.

70/ Nicol, Vancouver, 49.

town.<sup>71/</sup>

The knowledgeable or shrewd gamblers had already arrived in Vancouver. J. W. Horne of Brandon delayed speculating in '83, but decided the time was ripe in '84. A. W. Ross, a Conservative M.P. from Lisgar and friend of the C.P.R. syndicate who had been burned in the Winnipeg boom a few years earlier, invested everything he could borrow in 1884 in Granville.<sup>72/</sup> When the decision was finally reached in 1885, what a local called "the mob" arrived. Not the least noticeable among the mob were the real estate agents, and even the legitimate merchants found that speculation in land was a profitable sideline. Gastown had become Boomtown.

It would be difficult to say whether Vancouver in 1886 looked more like a construction site or a logging camp. At the beginning of the year there were only about 100 habitable buildings in the townsite, most of them the single row of whitewashed stores, saloons and hotels along Water Street. Behind these was another row of buildings, and then the swamp and forest at the Hastings Street boundary. A plank street and a plank sidewalk ran the breadth of the townsite and on to Hastings to the east. The skid roads used by the loggers moved erratically into the forest. A wagon road ran south to False Creek and on to New Westminster, the route of the modern Kingsway. A trail picked its way through the forest and emerged at False Creek near the

<sup>71/</sup> Morley, From Milltown to Metropolis, 67.

<sup>72/</sup> Ibid., 68.

foot of Granville Street, and another wound its way out to Greer's Beach, or the modern Kitsilano.<sup>73/</sup>

In January the residents petitioned the legislature for incorporation, and a hat passed in a bar raised the money to send a young lawyer to Victoria to see the bill through the legislature. By the time the bill received royal assent the C.P.R. had finished its surveys and held its first land sale. Lots sold for \$200 in March were sold again for \$1,000 in May. And by May 10 when the citizens enjoyed their first, and perhaps most turbulent, election, the 100 buildings had grown to 600. Two weeks later, as the new city council settled down to work, there were 800 buildings standing and hundreds more under construction.<sup>74/</sup>

Although lumber and nails were in short supply, construction posed few problems. It took little ability or experience to take the raw 2 X 4s from the mills and put up the studs, using either unplanned boards, canvas, or heavy paper as sheathing. The forest was pushed back, and Hastings sported a run of hotels and boarding houses. Cordova was a good residential street, but the truly opulent built on Westminster Road (now Main Street), which earned the name Blue Blood Alley. New and bigger commercial buildings went up on Water, Carrall and Cambie. Not only were the city streets filled with the sounds of

<sup>73/</sup> On the early history of Vancouver see J. P. Nicholls, Real Estate Values in Vancouver: A Reminiscence, (Vancouver City Archives 1954) and "The Burning of Vancouver," Vancouver Historical Journal, No. 3 (January 1960).

<sup>74/</sup> Morley, From Milltown to Metropolis, 76.

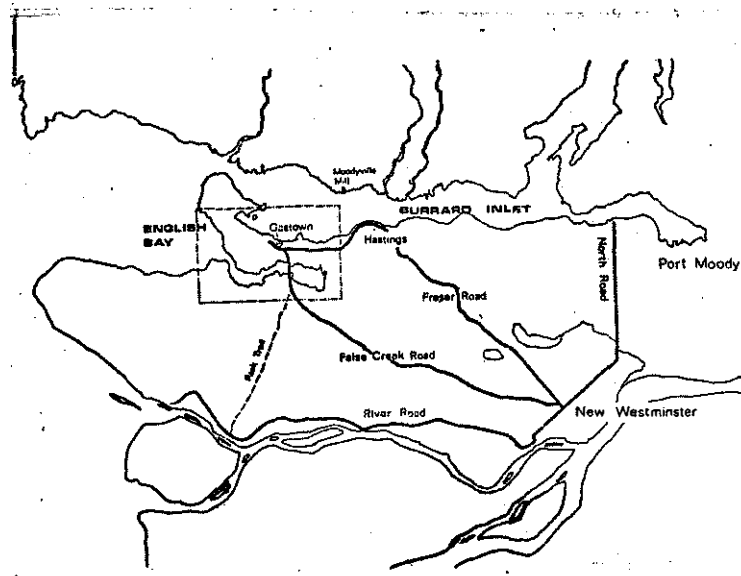


saw and hammer, but the C.P.R. had 2,000 men working on their own right of way. The C.P.R.s offices remained in Hastings, but the construction crews lived in Yaletown in False Creek, so called because the camp buildings were moved down from Yale when the line through the mountains had been completed. In all probability much of the labour force for the new city came from the disengaged construction crews; certainly Mr. Alexander of Hastings Mill found the Chinese excellent employees and even tried to march them to the polls in his unsuccessful mayoralty bid.

The spring of '86 was a good one for the construction industry, for there was almost no rain. But when a sudden gale scattered the sparks from the dozens of slash fires around the city, the work of months vanished in twenty minutes. Fire swept through the wooden town. Attempts to fight the fire were futile, as the oozing pitch from the raw lumber literally exploded. The wise flew headlong towards the water, and waited the mercifully short time until the fire had burned itself out. Hardly a building was left standing when the smoke cleared, and the wet and castdown citizens poked through the rubble. The mayor's telegram to Sir John A. Macdonald said that 3,000 had been left homeless, although city statisticians have selected 1,000 as its population in 1886. The damage was estimated to be \$800,000, which presumably represented 100 per cent of the capital invested in real and personal property.

As the News-Advertiser editorialized on the day after the fire, there was really nothing to worry about. "The location is here.

Our harbour  
hasn't been  
destroyed and  
Vancouver remains  
the terminus on  
the Pacific  
Coast of the  
Canadian Pacific  
Railway." There  
was no back-  
sliding, no



anxious recalculations of the desirability of reinvestment. And for those who had been wiped out there were scores of others ready to take over their lands and business. Before the ashes had cooled, Vancouver was operating out of tents. By the end of July new buildings were scattered all over the burned-out townsite, and the province and city had imposed new regulations concerning the quality of buildings and the width and clearance of streets. By the end of the year the News commented enthusiastically that "The city has changed so much for the better in the short space of six months we look upon the disaster as an event of the past." More than half a million dollars of new construction had been completed, and an equal amount was still underway. On Cordova, Water and Carrall alone there were 14 office blocks, 23 hotels, 51 stores, 9 saloons, one church and a variety of other buildings. New construction extended beyond

the limits of the old core - as far west as Thurlow, beyond Granville, and south to False Creek. The C.P.R. spent \$200,000 clearing and grading lots and streets as far west as Burrard, and sold lots worth \$290,000.<sup>75/</sup>

For five or six years after the fire the city continued to look like a logging camp. Clearing the land was not a simple matter of cutting down scrub and removing rocks; it was a major logging operation. Teams of oxen hauled the limbed and bucked logs down a skid road to the waterfront, as another gang moved in to burn the slash. As the itinerant Duchess of Somerset wrote to her friends back home: "Without having seen the forest in its wild state, one cannot understand the amount of labour necessary to bring a 'building lot' into condition. Each of the large stumps left in the ground when a tree is felled costs \$30 to remove. They have partly to be burnt, partly blown out with giant powder and the rest dug out with picks. Speculators in such lots are asking very large prices, which we are told are still going up. We saw a lot which had just been sold for \$5,000, with only room for one small house between two already built on adjacent ground." As late as 1910-13 it cost the Canadian Pacific \$520 to clear and another \$300 to rough grade an acre of the Shaughnessy townsite development.<sup>76/</sup>

Speculation and developer's profits rather than the cost of

<sup>75/</sup> Morley, From Milltown to Metropolis, 86-87.

<sup>76/</sup> Cited in Nicol, Vancouver, 90-91.

clearing, however, was the reason for the great inflation in lots. The Oppenheimer-Powell-Dupont-Robson syndicate that owned 1,460 acres in the east end was not a philanthropic organization, any more than the Canadian Pacific or the countless real estate firms to whom it sold land. Both the hard and anecdotal evidence of spiralling land values during the boom leaves no doubt that prices doubled, tripled, and doubled again within a few months or years. Among the speculators was none other than Rudyard Kipling. Visiting Vancouver in 1889 he too came to worship the god of the Vancouverites: "...400 well-developed pines, a few thousand tons of granite scattered in blocks, and a springling of earth. That's a town lot in Vancouver. You order your agent to hold it until property rises, then sell out and buy more land further out of town.... I do not quite see how this helps the growth of the town.... but it is the essence of speculation."<sup>77/</sup> City regulations were hailed by the American magazine, The West Shore, in May 1889 for preventing real estate speculation:

The conditions imposed on purchasers of property in Vancouver are such that no mere speculators can buy the land and hold it, without improvement, for the rise in value which the industry of other people will be sure to bring it. This policy has tended to keep out adventurers and to secure the benefits of the city's advancement to those who are interested in its business affairs. The building conditions accompanying transfers during the past two weeks - the last two weeks of March - bind purchasers to erect this season stone and brick structures aggregating in value \$125,000. These buildings will not be all in one locality, but will be scattered over a considerable area. This

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<sup>77/</sup> Morley, *From Milltown to Metropolis*, 109.

policy relieves the city of the appearance of being crowded, and encourages expansion in all directions, while the intervening property is, of course, augmented in value. But the city has experienced a remarkable growth to reach the stage that will enable property owners to practice this system. In a town of slow growth scattered business blocks would be unprofitable, and it would be useless to attempt to enforce such conditions as are laid down in Vancouver. <sup>78/</sup>

But whether the regulations were designed for or against the land speculators and developers they certainly served their purpose. The developers deliberately built in different localities, fulfilling the dictates of the law, to enhance the value of the intervening property. As Eric Nicol commented "to the eye untrained in the occult ways of real estate, the dispersion of lone edifices suggested a community with a remarkable low threshold of claustrophobia."<sup>79/</sup>

Every traveller, and for some reason Vancouver seemed to be on the itinerary of many, commented on the feverish building activity in Vancouver between 1887 and 1891. "There were many people about, some well-dressed ladies, sundry Chinamen in Celestial clothing, but generally with English hats upon their shining polls, some Indians dressed like whites, many business men, and crowds of working men," wrote one traveller. "Above all rose the increasing noise of sawing and nail-driving, the ring of the bricklayer's trowel, and the stroke of the lumberer's axe; for everyone was busy, in one way or another, building up the city."<sup>80/</sup> There was also the chain gang, which

<sup>78/</sup>The West Shore, (May 1889), 228.

<sup>79/</sup>Nicol, Vancouver, 90.

<sup>80/</sup>Ibid., 92.

trundled out to work clearing the stumps and grading the roads every morning to pay for room and board in the city jail. The chain gangs were still at work when young Ethel Wilson went to school in the late '90s:

As I walked to and from school (thirty-five blocks a day), I passed the chain gang clearing land for building-lots on Davie and Jervis Streets. The men of the chain gang were shackled. They were driven to work in a wagon with a team of horses and were guarded by keepers who cradled guns in their arms in traditional style. I was always a little afraid and did not turn to look at the chain gang although I wanted to explore their faces, and understand why this had come about. 81/

Unfortunately the city appears to have been too busy to either keep, or at least preserve, records of that early building activity. The real estate agents were very visible, and met every visitor to the city either at the train or in the hotel. And the physical signs of the building can be traced as the city rapidly expanded east and west, and north of the old Granville townsite.

Firmer evidence than visible territorial expansion was provided by the City Assessor's office, which in 1887 estimated the value of real property at \$2.5 million and improvements at only \$182,000. By 1890 the corresponding figures were \$8.1 million and \$1.3 million, and by 1892 they were \$14.1 and \$2.6 million. The methods of calculation remain obscure, however, and are not easily reconciled with scattered remnants of building construction. The West Shore reported in May 1889

<sup>81/</sup> Ibid., 110-111.

that \$1,350,000 was spent on construction in 1888, and the annual report of the Board of Trade stated that \$876,475 had been spent in 1891 on 301 houses and 28 other buildings.<sup>82/</sup> The 1891 dwelling census stated that the 13,709 residents of Vancouver lived in 2,492 dwellings, 2,109 of which were of wood, 117 brick and 5 stone. The city had also invested heavily in construction, spending debentures of \$1.8 million by December 1893 on streets and sidewalks (\$440,000), sewers (\$207,000), schools (\$152,000), water works (\$718,000), bridges, parks, public buildings, and a garbage destroyer.<sup>83/</sup>

The 1890 City Directory provides some evidence about the labour force. Ten men listed themselves as Architects, although only one felt it necessary to put his name in bold type. He was joined in that extravagance by two of the seventy-five men who listed themselves as Contractors. Business certainly was not complicated, however hectic it may have been, for only four of the Contractors had telephones and many lived in one of the fifty frame hotels (alias boarding houses) that housed the construction work force. Six described themselves as Builders, over three hundred as carpenters, and several hundred variously as plasterers, plumbers, painters, stonecutters and bricklayers. The same quick reading of the directory suggests that almost all the skilled trades (which with a population of 12,000 at best

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<sup>82/</sup> Annual Report of the Vancouver Board of Trade, (Vancouver 1892), 31.

<sup>83/</sup> The 1901 census reported that 27,010 residents lived in 5,593 houses. (1901 Census, Vol. I, Table VII, 26.) See also City of Vancouver Financial Report 1893, (Vancouver 1894), 6.

represented the size of a labour force one would expect at a construction site) were of British origin. The labour force used in clearing and grading is less certain, but some of it certainly came from the crews released by completion of the Canadian Pacific. Among them were the Chinese, whose presence led to Vancouver's first race riot.

By the end of 1892 the first great boom period had drawn to an end. Since 1886 the city had grown from 1,000 to 15,000. The postage stamp townsite had become a small city that had reached deep into the west end, expanded well beyond Main in the east, and stimulated the burden of scattered dormitories across the creek on the south shore. Adolescence began painfully in 1892-1893 as an overbuilt city woke up with the unease of its first hangover. Building slowed down. Speculators and speculative builders found their latest expensive gamble a little trying, as land values steadied and then tumbled. There was no bust, as there had been in Winnipeg a decade earlier, but rather a period of consolidation. The population increased slowly with annual increments of about one thousand, but the Assessment Records show a wise reduction in the value of property from \$16 million in 1893 to \$12.7 five years later.

By 1898, before the next boom started, residential areas had sprawled into the West End, while the vast tracts controlled by the East End syndicate were still over half vacant. On the far side of the Creek, working class houses had moved up the Westminster Road as far as Sixteenth and to the west a small community had been built



among the sub-divided and cleared land north of Ninth. Fashionable homes or vacant blocks existed where the Court House and the new Hotel Vancouver were to be built, and it was a long and lonely walk from the Hotel Vancouver to Yaletown around Granville and Drake. Industry had followed the C.P.R. to False Creek, but the north shore still resembled park land more than an industrial site. And South Vancouver and Point Grey still awaited the logger's axe.

A roaming correspondent for the Canadian Architect and Builder described housing in the 1898 city:

If it were difficult to convey the impression received by a visitor of Vancouver's street architecture, it is still less easy to sum up the result of a necessarily somewhat cursory review of the domestic building. One first notices that the lots are small - so small in some parts of the city as to be suitable only for the erection of houses in pairs or in terraces. Some few houses stand in 132 x 132 feet, though in far too many instances two - and even three - houses are crowded into one lot.... Years hence, when the bush-covered surrounding country has been conquered and cultivated, this serious lack of space will be overcome. At present no man can set his house back one hundred yards from the road unless he goes into the woods, for the city limits are ambitious in extent to the last degree, and embrace an area great enough to accommodate a round half million of people. The development of the town site is consequently not concentrated, and embryonic roads and sidewalks stretch away out into the black stumps in an aimless sort of way.

The type of dwelling most favored in the west end is a two-storied weather-boarded structure, with eaves projecting as much as three, and even four, feet from the wall line. The shingled roofs are usually gabled. The design is based upon the American Colonial, with the exaggerations of the style intensified, and its many elegancies and possibilities in refinement and the picturesque pretty completely lost. Cheap expediency is writ very large in some, and vulgar ostentation in others. It must not be concluded, however, that much of a different character is not to be found, only that it requires searching for among

the multitude of commonplaces. The meagre size of the building lots positively bars any building in the broad, spreading manner which conveys an impression of ease, comfort and elbow room quite beyond the ken of lots which run from five to fifteen to the acre, and frequently sub-divided at that! Such sites as these are, indeed, more suited to downright street architecture than to the semi-rustic timber houses which are crowded into them.... One cannot enthuse over brand new stone walls, shiney painted weather boards and precisely tuck-pointed bricks, unless one is a real estate agent or builders' supplies merchant. Fortunately, trees will grow and hide, or at least decently veil, much that is bizzare, or flat and uninteresting....

It must be borne in mind that this is the west, and that there has not been sufficient time to evolve a standard in matters of taste. There are no old established interests no cultivated leisure class. The town does not possess a museum, much less a gallery of arts, not even a fine arts society. Every man is fully occupied in making a way for himself, and until he decided to buy a lot and build a house, probably never gave two thoughts to building. His idea of what constitutes the calling of an architect is a beautifully mixed one, and consequently, in his utter ignorance, turns to what he is pleased to call a practical man, with the hapless results that defy criticism. That bogey, the practical man, is ever the most hopeless, unpractical - knows nothing of planning; his designing is not less ridiculous than his planning or more feeble than his drawing; his vaunted practical knowledge is invariably confined to the one trade he followed before he started speculative jerry building operations on his own account....84/

Like the rest of the country in 1898, Vancouver was about to enter another era of enormous growth, but Boom Towns seldom become Cities Beautiful.

#### Owners and Builders in Hamilton

The impressionistic view of Canada's four major urban centres gives

some indication of the process of housing construction. Fortunately the wealth of data on Hamilton provided by the Canadian social history project reveals more hard evidence about who owned homes and who built them in the last half of the nineteenth century.<sup>85/</sup> Hamilton was founded in 1813, and by 1852 had a population of over 14,000. It was the arrival of the railway in the late '50s however, that sparked its growth as a railway and industrial centre. By 1881 the population had reached 36,000 and the city was already noted for its concentration of heavy industry.

The 35,961 Hamiltonians in 1881 lived in 6,800 houses and two shanties. The density was 5.29 people per house, and the city had a family to dwelling ratio of 1:1.03.<sup>86/</sup> Using 1881 data Michael Doucet created an index of the assessed value of homes owned by eight groups in the city, and the proportion of each that owned their own home:<sup>87/</sup>

TABLE III

	Value	Ownership
Labourers	46.7	29.8
Railway workers	64.6	16.3
Moulders	65.4	22.2
Shoemakers	75.3	35.3
Merchants	326.9	47.5
Women	98.4	32
Gentlemen	160.6	67.1
Lawyers	390.6	56.5

<sup>85/</sup> Under the direction of Professor Michael Katz, Department of History, York University, who gave me access to his data.

<sup>86/</sup> 1881 Census, Vol. I, Table I.

<sup>87/</sup> The nature of the housing is not available for 1881. But in 1861 over 80 per cent of labourers, moulders, and shoemakers lived in frame houses, while over 80 per cent of merchants and lawyers lived in stone or brick houses. Michael J. Doucet, "Working class housing in a small nineteenth century Canadian City, Hamilton, Ontario, 1852." Draft MSS publication forthcoming.

In Hamilton as a whole 30.5 per cent were owner-occupiers.

The construction labour force in 1881 numbered 11 per cent of the assessed males or 2.4 per cent of the total population. Apart from the 1,025 labourers, the largest trades group were the carpenters and the smallest the sole paperhanger who appeared in the manuscript census:

TABLE IV <sup>88/</sup>

Building Trades Hamilton 1871-1881

	1871	<u>1881</u>		1871	<u>1881</u>
Carpenters	498	406	Bricklayers	20	54
Plasterers	40	55	Brickmakers	21	22
Plumbers	23	29	Paperhangers	4	1
Painters	114	107	Quarrymen	5	3
Masons	61	56			

Thirty-four described themselves as builders, and presumably were the heads of small building companies. In 1861 there had been 20 builders in Hamilton, half of whom (in terms of their assessed value) ranked in the top ten per cent of the city's population, while the category as a whole had an assessed value exceeded only by merchants and attorneys. There is no comparable evidence for 1881.

However, the manuscript census of 1871 does reveal the form of corporate organization of the Hamilton building industry. There were 30 firms in the city - 19 builders, 5 plumbers and 6 painters. The following table indicates the size of firm by number of male employees

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<sup>88/</sup> Information from the manuscript census provided by Michael Katz.

over 16:

TABLE V

	0-2	<u>3-5</u>	6-9	10-14	15-24
Building	3	5	2	4	5
Plumbing	1	2		2	
Painting	1	4	1		

Compared to all firms in the city, the construction business was reasonably profitable. Only 13 of the firms ranked in the bottom half.<sup>89/</sup>

#### Finance

According to James Pickett's estimates about \$1,000 million were invested in Canadian housing between Confederation and the turn of the century. Unlike governments and railways, which found their source of capital abroad, residential construction was funded at home, wrote Buckley, although he admitted that "some part" of the funds supplied by mortgage and loan companies were secured abroad. Buckley made no attempt to determine how residential construction was financed or what part of the necessary capital was secured from abroad, and perhaps his caution should be respected. Yet the source of \$1,000 million somehow seems too large a sum in Canadian construction to pass unexamined.

<sup>89/</sup> Ibid.

In 1949 Firestone estimated that owners totally financed 21 per cent and had a 54 per cent equity in residential construction, while 8 per cent was financed directly by other individuals.<sup>90/</sup> Charles P. Fell estimated that 65 per cent of the total mortgage debt of \$1,663 million in 1937 was held by individuals while only \$590 million was held by institutions.<sup>91/</sup> Undoubtedly these estimates of non-institutional funding would be appreciably higher for the last third of the nineteenth century. Own-account construction was much greater for both rural and urban residential construction. The absence of financial intermediaries and limited opportunities provided by the bond and stock market meant that real estate was a very common source of private investment. Like Colonel Denison, many individuals invested directly in residential property or engaged directly, or through their lawyer, in mortgage lending.<sup>92/</sup> If 62 per cent of the 1949 financing was done without the assistance of financial intermediaries in 1949,

<sup>90/</sup> Firestone, Residential Real Estate, 114.

<sup>91/</sup> Charles P. Fell, "The Individual Investor in Canada," in J. F. Parkinson, ed. Canadian Investment and Foreign Exchange Problems (Toronto 1940), 129. Fell estimated that individuals held 85 per cent of the \$533 billion in rural mortgages, but only 55 per cent of the 1,130 million in urban mortgages.

<sup>92/</sup> Mortgages in rural Toronto Gore Township (west of the city of Toronto in Peel county) in 1881, for example, were held by a wide variety of people. Over 96 per cent of the value of all mortgages were held by individuals, four-fifths of them non-residents. More than 80 per cent were held by widows, housewives, gentlemen, farmers and (a poor fifth) merchants. The remainder, however, were held by students, labourers, photographers, carpenters, innkeepers, school teachers, clergymen, blacksmiths, millers, and spinsters. See David P. Gagan, "The security of land: Mortgaging in Toronto Gore Township 1835-1895," in F. H. Armstrong, ed. Aspects of Nineteenth Century Ontario. Essays presented to James J. Talman, (Toronto 1974), 146-7.

it is not unlikely that at least 75 or 80 per cent was similarly financed between 1867 and 1900. The amount of institutional funds to be found may be in the neighbourhood of \$200 million.

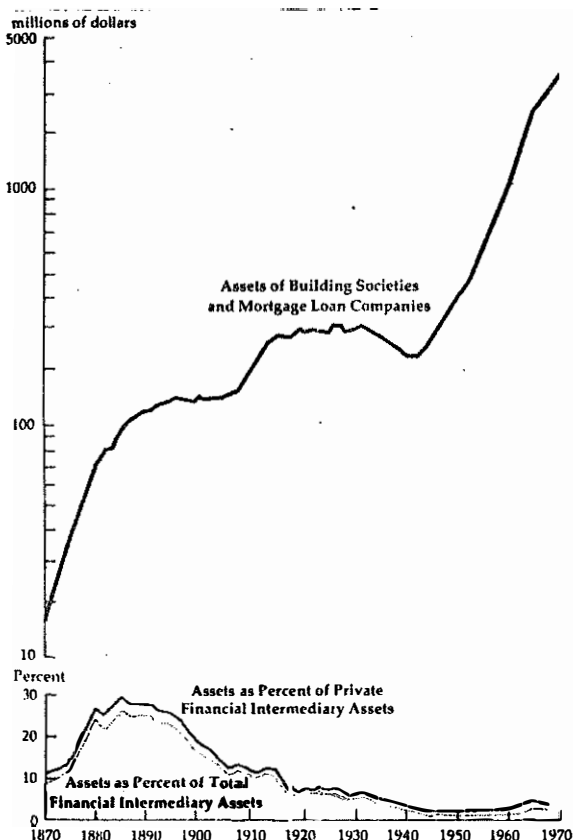
The most important financial intermediary for residential construction initially was the mortgage and loan company, which had evolved from the earlier terminating building companies.<sup>93/</sup> In 1867 there were 19 permanent loan and mortgage companies in Canada with assets of \$3.6 million.<sup>94/</sup> Canada Permanent was the largest with assets of \$1.4 million, and all but three small Quebec firms were in Ontario. The companies flourished in the post-Confederation boom years. The president of Canada Permanent observed that 1870 has been "characterized by great commercial and industrial activity, by an unusual demand for house accommodation in cities and towns, which has been partially met by the erection of far more than the average number of buildings, by an increase in the number of sales, and a general advance in the selling of farms as well as town property...."<sup>95/</sup> The succeeding two years were even better and in 1872 the Monetary Times congratulated the "building societies" for "doing an immense service in assisting the citizens of Toronto in the building of houses, and the demand from this source, both in Toronto and in other cities in Ontario has furnished ample employment for the funds of all the societies."<sup>96/</sup>

<sup>93/</sup> Monetary Times, January 2, 1868.

<sup>94/</sup> Their major activity appears to have been in rural property, but they also engaged in urban lending and to an increasing extent.

<sup>95/</sup> Monetary Times, January 2, 1868.

<sup>96/</sup> Ibid., January 18, 1872.

CHART IV <sup>97/</sup>Growth of Mortgage Loan  
Companies 1870-1970

The handsome dividends paid attracted a flood of newcomers to the field, and by 1875 there were 61 companies with average assets of \$600,000. In 1878 the *Monetary Times* concluded that "the rapid increase in the number of these companies, and the large aggregate of capital they control, is one of the most noticeable features of recent Canadian finance."<sup>98/</sup>

By 1873 the President of Canada Permanent noted that the

<sup>97/</sup> Reproduced from E. P. Neufeld *The Financial System of Canada* (Toronto 1972), 177. The terminating companies made considerable profits for their members, and a close study of their history would tell us a good deal about the developing economy and society of the pre-confederation period. In Nova Scotia, for example, the first company was established in 1850. The rate of interest was 6 per cent, but the borrower paid a premium as well. The money was lent by auction. "On the first Monday in the month all payments were to be made to the secretary, who made an estimate of them for the Board of Directors. The next day all applicants for money attended an auction sale at the society's offices. The money was then put up for sale in convenient lots, and was sold to the person bidding the highest premium. Being the only institution lending money the applicants generally required more than was available and frequently had to wait over from month to month until their turn came." The company was almost alone in the business, although insurance companies and trustees for estates occasionally took mortgages. During the American Civil War interest rates rose as high as 20 per cent. See the *Monetary Times*, (Anniversary Issue 1927).

<sup>98/</sup> *Monetary Times*, February 1, 1878



amount loaned was limited by the amount of stock and deposits available, and that the "limits of the amounts at present authorized both of Stock and Deposits having been nearly reached, no considerable enlargement of business can be made unless these lines are extended."<sup>99/</sup> There were other indications that the available investment capital in Canada had been absorbed by the boom, and that with new companies entering the field little could be expected in increased paid-up capital stock. However, in 1873 mortgage and loan companies were permitted to issue debentures and, with the domestic supply of capital limited, they looked to the British market. By the end of 1876 Canada Permanent alone had raised over a million dollars in debentures in England and Scotland where there was "a steady and continuous" demand. By 1880 debentures payable in sterling constituted over a third of the total capital of the companies, equal to the amount of paid up capital stock and double the amount in deposits. With a spread of more than 3 per cent, borrowing abroad and lending in Canada was a lucrative enterprise.

The late 1870s and 1880s were uncertain and unsteady years in Canada, despite the transfusion of new investment represented by the Canadian Pacific and the impetus to manufacturing provided by the 1879 tariff. Mortgage rates dropped in the late 1870s, but hardened to remain around 7 per cent throughout most of the next decade. By the late 1880s they had fallen to 6½ and sometimes to 6 with the rate on deposits running at about 4 per cent. In the 1890s interest rates

<sup>99/</sup> Report of the 1873 Annual Meeting cited in the Monetary Times, February 13, 1874.

TABLE VI  
Financial Intermediaries 1867-1900

Year	Mortgage Companies							Foreign Capital	Banks	Life Insurance	
	1	2	3	4	5	6	7	8	9	10	11
	Assets	Assets	Capital Paid Up	Deposits	Deben. Payable	Mortgage Loans	Value Mortgaged	Land and Mortgage Companies	Personal Savings	Assets	Real Estate
1867	3.6								17.2		
1868									23.5	.9	.2
1869	11.6								28.8		
1870	13.7								32.9		
1871	16.8								21.1		
1872	20.6								23.4		
1873	24.3								27	2.1	.4
1874	29								33.5		
1875	33.9					18.4	43	752	26.1		
1876	42.1	24.5	11.7	6.1	2.3	22.8	51.6	1,369	28.6		
1877	51.6	30.5	13.9	7.1	3.9	28.3	61.7	1,605	28.4	4	.9
1878	56.4	36.9	17.3	8.3	5.7	34	78.3	1,540	31.3	4.6	1.1
1879	62.8	39.4	17.5	9.4	6.4	34.8	77.4	921	30.6	5.3	1.2
1880	71.4	70	24.5	11.7	23.2	56.6	116.4	16,858	37.1	6	1.7
1881	75.7	74	25.4	13.5	23.2	62	133	1,136	43.6	6.8	2.1
1882	80.9	81.7	28.5	14.2	26.7	68	148	9,709	49.4		
1883	84.1	84.6	30.9	14	29.6	70	147.8	2,578	52	8.7	2.3
1884	87	87.7	30.8	13.9	32.3	74.1	163.4	2,566	49.4	10.1	2.9
1885	96.6	92.2	31.3	15.4	34.8	78.8	166.7	5,229	49.7	11.5	3.4
1886	104.1	98	31.9	16.2	38.9	84.6	178.6	1,905	50.6	12.6	4.2
1887	107.5	101.2	32.1	18.3	39	86.9	185.1	431	56.6	14.3	5.6
1888	110.6	109.4	32.4	17.3	43.8	93.5	184	4,520	66.2	16	6.7
1889	116.2	116.4	34.1	17.8	48.5	98.7	205.8	3,806	71	51	13.1
1890	122	122.9	34.7	17.9	53.4	105.5	216.8	6,364	80.3	58.9	15
1891	126.4	125	34.7	18.5	54.9	106.4	223	1,711	90.2	63.5	16.8
1892	132.1	130.1	35.1	19.4	57.8	109.8	261.6	2,300	101.5	73.3	19
1893	134.9	133.2	35.4	18.5	59.4	111	227.8	856	107.9	80	20
1894	136.3	142.3	39.1	20.8	57.5	116	225	-2,255	113.2	86.8	21.2
1895	137.3	142.8	40.5	19.9	57.1	115.9	238.1	-1,299	119.7	93.3	23
1896	138.1	143.9	42	19.4	56.5	115.7	225.5	-1,118	126.1	104	26.4
1897	136.1	142.5	43.2	19.7	53.2	111.5	229.3	-3,381	140.1	112.9	29
1898	137.1	145.4	44.6	19	53	111.3	220	-982	157.8	121.3	30.6
1899	135.1	148.7	47.3	19.5	51.3	111.7	216.5	-3,000	173.8	132.2	33.1
1900	134.7	152.6	48.9	20	50.7	112.7	191	-1,722	188.5	142.3	34.9

1. Canadian asseats of Canadian mortgage and loan companies. Neufeld, The Financial System of Canada. The figure for 1867 was taken from the Monetary Times, January 2, 1868.

2. Total assets reported in Statistical Year Book, 1902.

3-7 Statistical Year Book, 1902.

8. P. Hartland, "Canadian Balance of Payments since 1868," Trends in the American Economy in the Nineteenth Century: National Bureau of Economic Research, Vol. 24. 1960.

9. Historical Statistics. H230

10-11 "Reports of the Superintendent of Insurance," Canadian Sessional Papers, 1868-1901. In 1868 the figure is for Canada Life alone, but by 1873 Confederation, Sun and Mutual had been formed. In 1889 the figures include fire and other insurance companies, and British and American life companies. The British then had assets of \$9.5 million of which \$3 million was in real estate loans, while the Americans had assets of \$8.6 million but none were reported in real estate.

fell below 6 per cent on occasion, while deposit interest ranged from 3 to  $3\frac{1}{2}$  per cent and the interest on British debentures fell to  $3\frac{3}{4}$  per cent.<sup>100/</sup>

Nevertheless, mortgage companies flourished. The 61 companies in 1875 had grown to 82 in 1889 to 95 in 1895, and their average assets increased from \$600,000 to \$1.4 million over the 20-year period. In 1895 sterling debentures constituted more than 36 per cent of available capital and an estimated \$40 million of the \$115 million in mortgages had come from Britain. By the mid-'90s, however, the margin on overseas borrowing had been reduced and with capital accumulating in Canada the companies began to liquidate their foreign borrowing and rely more on domestic savings.<sup>101/</sup>

By the turn of the century mortgage companies were no longer alone as important financial intermediaries in the mortgage field. Beginning in the 1870s Canadian life insurance companies had become increasingly important institutions, and by 1900 their assets had passed those of the mortgage companies. Until the late 1880s they had invested relatively little in real estate, but by 1900 they had

<sup>100/</sup>Data from Monetary Times.

<sup>101/</sup>But assets had gone from \$247 to \$437 million in the 1890s, and the assets of life insurance rose from \$43.1 to \$108.7 million. Perhaps even that figure underestimates the role played by British capital. Penelope Hartland's figures for land and real estate suggest that between 1875 and 1893, before the conversion to Canadian funds began, over \$66 million had been invested and at the end of the century over \$54 million remained in Canada. Undoubtedly some of the funds were directly invested by British companies, and while much of it went directly into land speculation some helped to underwrite urban and farm construction. See Penelope Hartland, "Canadian Balance of Payments Since 1868," 717-753.

invested \$35 million of their assets of \$142 million in loans on real estate. Between them mortgage and life insurance companies had almost \$150 million in loans secured on real estate in 1900.<sup>102/</sup>

Of course loans on real estate were by no means all in mortgages on housing. Mortgage companies looked very favourably on Ontario farmers who wished to mechanize or extend their holdings, and mortgages on farm property undoubtedly exceeded that on urban housing until near the end of the century when the farmer became lender rather than borrower.<sup>103/</sup> In addition both mortgage and life insurance companies took mortgages on industrial real estate. Nevertheless, the growth of these financial intermediaries, aided by the substantial infusion of British capital, provided much of the essential financing of Canadian residential construction in the formative years of the new dominion. But the most striking contrast to the present is that the bulk of residential construction was financed not by the intermediaries but by individuals who saw a superior investment in mortgages or multiple home ownership for rent.

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<sup>102/</sup> Ontario was the centre of mortgage company operations, and to what extent Ontario companies financed mortgages in Quebec is unknown. In 1900 (Statistical Year Book, 1902) Ontario had \$139.6 million of the \$152.6 million in total assets, Quebec \$10.8 million, Nova Scotia \$1.6 and Manitoba \$706,000. However, Ontario companies had become heavily involved in Manitoba. Clearly there was little farm mortgaging in Quebec, and residential construction by small proprietors or estates may have obviated the need of financial intermediaries.

<sup>103/</sup> See Gagan, "Mortgaging in Toronto Gore Township," *passim*.

## The Canadian House

The last half of the nineteenth century saw the typical Canadian house take on much of its present form.<sup>104/</sup> Architectural historians tell us very little about the changes in house construction since the end of the eighteenth century. Naturally their interests have focussed on the unique and architecturally exceptional: on the relative importance of the New England tradition or the influence of British officialdom or dour Scottish stonemasons in the Maritimes; on the plain but dignified stone-masonry-whitewash homes that lined the St. Lawrence and its tributaries below Montreal; or on the triumphs or monstrosities of the Montreal, Kingston and Toronto bourgeoisie. Taking a broader view it is clear that the main line in Canadian housing construction moved from the log house, to the timber frame, and to the balloon frame. There, by and large, half a century ago it stopped.

Frontier building was determined by the supply of building materials available, with the choice of alternatives (when they existed) moderately conditioned by ethnic tradition and the climate. Every frontier of settlement leaned heavily on the Canadian forests; the trees cleared for agriculture simultaneously provided the materials for shelter. When timber was not available or was in short

<sup>104/</sup> On the history of the Canadian house see Greenway, *Housing in Canada*, 21-25; Thomas Ritchie, *Canada Builds*, (Toronto 1967); Verschoyle Benson Blake and Ralph Greenhill, *Rural Ontario*, (Toronto 1969) and Lessard and Huguette, *Encyclopédie de la Maison québécoise*.

supply, the first settlers used stone, mud or whatever was available. The transition from the log house to the wooden house was as rapid as time and prosperity could make it, the first log or sod house usually becoming one of the farm's outhouses. In prosperous agricultural regions wood became brick, or sometimes stone. But in the towns and cities, where the population was less settled, the houses reflected the uncertain position of the population, for an often immigrant and migrant urban population seemed unwilling to invest in expensive and permanent housing, even if it had the resources. The same pattern continues to exist in frontier areas, where the economy is uncertain and the population accustomed to follow the moving frontier.

Not only were the Indians the first home builders, but they bequeathed the *poteau-en-terre* to the newer arrivals. Many French and English Canadian settlers lived for their first winter in a palisade of roughly squared logs inserted vertically in a trench, the spaces filled with some mixture of clay, moss and grass. But the typical log home became the *pièce-sur-pièce* (translated into more elegant English as the Red River frame, when it was carried west by the voyageurs.) Vertical slotted posts were erected at the corners and suitable intermediate points, and logs laid horizontally within the framework. Mud, moss and masonry provided interior and exterior insulation.

Pioneer hospitality and the difficulty of erecting the timber frames for homes and farm buildings led to the traditional working bee, when the only labour costs were the gallons of rum or whiskey that

flowed freely for the day. The 1851 census reveals that 103,000 of the 219,000 houses in Upper Canada were of log construction. In Quebec the comparable number was 18,000 of 155,000, the more extensive use of stone and the longer period of settlement providing the explanation. There were about 20,000 brick or stone houses in each colony, while the rest were of wood. By 1891 the log category had been removed from the census, the remaining log houses presumably being listed as shantys. By then over 80 per cent of Canadian homes were made of wood, the percentage ranging from 97 to 99 in the Maritimes, to 76.5 in Quebec and 74.8 in Ontario. Forty years later 70 per cent of Canadian homes were wood, with the west and the Maritimes remaining above 90 per cent. Quebec had fallen to 65 per cent, while Ontario had 44 per cent brick and 46 per cent wood.

But the log exterior disappeared long before the timber frame. The end of the timber frame reflected the revolution in house building that occurred in the period between Confederation and the turn of the century. Like all revolutions it did not happen overnight, but was the result of a variety of interrelated developments: the importation of the balloon frame; the availability of the nail; the intensification of urban building activity; and the increasing cost of labour as the collective conviviality and self-help of the all-round men of rural Canada gave way to the individualism and specialization of urban Canada, or the relative disappearance of free-for-whiskey labour and own-account construction. However, anyone who has grown up in small town Canada, even after the second war, knows that the working

bee is not a thing of the past and there are still many Canadians who can mix concrete in a rented mixer, pour foundations, and frame and side their own homes. (The phenomenon was observed in a Winnipeg middle class subdivision on a Lord's Day, 1973).

The balloon frame or contemporary two by four framing, was an American invention, apparently originating in Chicago and spreading throughout the American mid west in the 1830s. It moved eastward, and arrived in Canada in a major way in the 1860s. The man-powered squared timber and planing with a two-man pit saw was probably as efficient as the water powered and rough-cutting mill, but the balloon frame needed more volume and more precision. The milling capacity was present in Canada to handle the new technique, and the 1850s and 1860s saw considerable expansion of the milling, planing, and sash and door industry in Canada.

The balloon frame also needed nails, not wooden pegs, and refined nails more than heavy spikes. The first real nail factory appeared in Canada before the English visitor Samuel Day observed in his 1864 travelogue that he visited the Montreal nail factory: "I lost my hearing for some minutes, owing to the deafening clamour of the heavy cutting machines - fully a dozen of them being simultaneously in operation."<sup>105/</sup> Six years later the first wire nail cutting machine in North America was built in Montreal, and before long it was becoming cheaper for a carpenter to let a nail lie than to pick it up.

<sup>105/</sup> Ritchie, Canada Builds, 171.



Naturally the impact of the balloon frame was felt immediately in urban house building. It spread through the rural regions more slowly, but by the end of the nineteenth century the revolution was complete. By then brick-making had moved from its status as a cottage industry in 1850 to an automated and relatively heavily concentrated industry with the sequential development of the pug-mill for mixing clay (1840s), a machine for filling moulds (1850s) and large heated kilns for drying. The evolution was complete in the 1890s with the importation of the dry-press method for making brick. Nevertheless, the cottage industry did not completely disappear. In 1904 the Canadian Architect and Builder noted that in Winnipeg's north end both Doukhobors and Italians had crews collecting clay, mixing it with their naked feet, and moulding and drying. The bricks were larger and somewhat imperfect, but from them the new immigrants built not only their homes but also a small hotel.<sup>106/</sup>

As the industry developed bricks became more common as a building material, particularly since lumber in eastern Canada was becoming relatively more expensive. The growth of the hollow wall (which American architects were urging be accepted in the United States as it was in Europe in 1850) by the late nineteenth century also encouraged the use of brick exteriors on a two by four frame and wooden interior. By then plywood (developed in the United States in the 1860s but used largely for furniture) was being used in residential construction and

<sup>106/</sup> CAB, July 1904.

by 1914 beaverboard was being widely advertised, and presumably used. Laminated exteriors appeared in the United States as early as 1934, but it was not until after the second war that it became a common material for exteriors. Much the same could be said for asbestos shingles and other comparable pre-fabricated materials.

The growing use of the hollow wall undoubtedly owed something to improved heating and sanitation systems, and they to it. Inside plumbing, central heating, and running kitchen water was a phenomenon of the late nineteenth century. By 1900 most Canadian cities had municipal sewage systems (moving gradually from the open ditch so common in mid-century, or the morning pick up of slop pails, to the covered brick and then to concrete tiles) and municipal water systems, although neither was universal in urban Canada in 1900.<sup>107/</sup> Hot air circulating systems became increasingly common in the late 1880s, and while electricity was available in the 1880s it was not until the turn of the century that it had generally replaced gas illumination in urban homes, and a generation or two later before it replaced the kerosene lamp in small town and rural Canada.

By and large, however, with the exception of mass production and pre-fabrication Canadian house building had in design and materials assumed much of its present form by 1900. Contrary to common beliefs mass production was hardly a new invention. On April 2, 1882 seven

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<sup>107/</sup> It was not until 1901 that Montreal made underground sewage mandatory. Toronto very early on developed the practice of running its sewage directly into its water supply.

car loads of ready made houses were shipped from Ontario to supply the booming building industry in Winnipeg. In the last decade of the century ready made houses were being shipped from Truro, Nova Scotia to Jamaica. "The sides are made of panels three feet square," a contemporary noted, "neatly trimmed with suitable moulding, the whole ornamented with gables and a neat cresting on the roof. Everything required in the construction of the houses was cut and fitted to its place and each piece numbered."<sup>108/</sup> The houses were one storey high and measured 27 by 20 feet. Undoubtedly many urban developer-builders developed mass production of standardized pieces on site in the nineteenth century, and before the turn of the century the Canadian Architect and Builder was urging new designs and methods of construction for low cost housing and running competitions for young architects.

<sup>108/</sup> Ritchie, Canada Builds, 53.

## BOOM TOWN, SHACK TOWN 1900-1914

Canadians did not need Laurier's inspired rhetoric to believe that the twentieth century was theirs. The evidence of economic growth and prosperity was too tangible, too visible, after the slow times of the 90s. The wheat economy did work "a new integration of economic life and linked together the fortunes of the various regions," but the "vast and sudden transformation" was wrought not only by "the magic of wheat," as the Rowell-Sirois commissioners suggested, but by the inter-related and mutually reinforcing conjuncture of other frontiers.<sup>1/</sup> "Everywhere there was progress, evolution, discovery of resources - untouched mineral wealth, inexhaustible timber supplies, illimitable agricultural areas, fruitful fisheries, multiplying railways, expanding trade."<sup>2/</sup>

Recovery was painfully slow. While economists have marked the trough in 1895, contemporaries failed to notice much improvement until 1897-98. By the turn of the century the general improvement in economic conditions was apparent. The pace of economic activity gradually quickened but, after a short reverse in 1904, accelerated rapidly until the slump of 1907. But prosperity returned with a vengeance and, despite cyclical tremors, raced headlong towards the

<sup>1/</sup> Royal Commission on Dominion-Provincial Relations, Book I, 66.

<sup>2/</sup> Canadian Annual Review, 1906, (Toronto 1907), 20.

sharp curtailment of investment in 1913.

Neither the periodic mild disturbances nor the sharp downturns in 1907-08 and 1913 could arrest the striking overall increase in economic development. Almost every measure of economic activity reveals the same pattern of sustained growth. Gross domestic capital formation increased from \$1,283 million between 1901 and 1905 to \$1,439 million and \$3,279 million for the next two quinquennia, and the per capita annual income in current dollars rose from \$45 to \$70 and \$86 over the same period. The population of the country jumped by 1,835,000 between 1901 and 1911, a rate of 34 per cent, and by about 2.5 million between 1900 and 1914. While the prairies absorbed almost half the population increase between 1901 and 1911, 68 per cent of the increase was urban. Canadian urban population increased from 35 to 42 per cent of the total while 27 new cities on one of the three frontiers emerged from the towns and villages, bald prairies or barren north country to pass 5,000 and enter the ranks of the truly urban.

Capital investment reflected the enormous increase in economic activity and population. Of the \$4,127 million invested on gross construction, 30.4 per cent was spent on housing - the largest single component in overall gross domestic capital formation.<sup>3/</sup> Buckley has argued that between 1901 and 1915 Canadians invested about \$1,250 million in housing, while Pickett's annual figures indicate a total

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<sup>3/</sup> Buckley, Capital Formation, 10.

## Growth of Urban Canada 1871-1911\*

Population	1871	1881	1891	1901	1911
100,000 -		Montréal	Montréal Toronto	Montréal Toronto	Montréal Toronto Winnipeg Vancouver
50 - 100,000	Montréal Toronto Québec	Toronto Québec	Québec	Québec Ottawa Hamilton	Québec Ottawa Hamilton London
25 - 50,000	Halifax St. John Hamilton	Halifax St. John Hamilton Ottawa London	Halifax St. John Hamilton Ottawa London Winnipeg	Halifax St. John London Winnipeg Vancouver	Halifax St. John Regina Calgary Edmonton
5 - 25,000	Charlottetown Fredericton Lévis Sorel Trois Rivières Ottawa London Stamford Kingston St. Catharines Ouelph Chatham Belleville Brockville Port Hope	Moncton Sharnbrooke Mull St. Byacinthe Windsor Peterborough Stratford St. Thomas Galt Woodstock Lindsay Winnipeg Victoria	Dartmouth Yarmouth Truro Valleyfield Barrie Kitchener Sarnia Owen Sound Corruwall Vancouver New Westminster	Sydney Glace Bay Westmount Lachine Niagara Falls Pembroke Smiths Falls Collingwood Sault Ste. Marie Kenora Brandon Nelson Rossland Nanaimo	North Sydney Sydney Mines New Glasgow Ashcroft Springhill Joliette Chicoutimi Thetford Mines St. Jean Rivière du Loup Verdun Fort William Port Arthur North Bay Oshawa Orillia Welland Cobourg Cobalt St. Boniface Portage la Prairie Saskatoon Prince Albert Moose Jaw Lethbridge Medicine Hat North Vancouver

\* Census, 1921. Includes only incorporated cities, towns and villages as of 1921.

investment in the same period over more than \$1,500 million.<sup>4/</sup> The scale of housing construction was unprecedented, and was not to be

<sup>4/</sup> Buckley provided the following quinquennial breakdown in millions of dollars with Pickett's comparable figures.

	Urban	Prairie Farm	Other Farm	Pickett
1896-1900	85.9	10.4	7.3	113.6
1901-1905	164.4)	41.7	15.6	265.4)
1906-1910	372 ) 1256.9	64.4	31.2	500.8) 1590.3
1911-1915	524.3)	26.5	16.8	824.1)

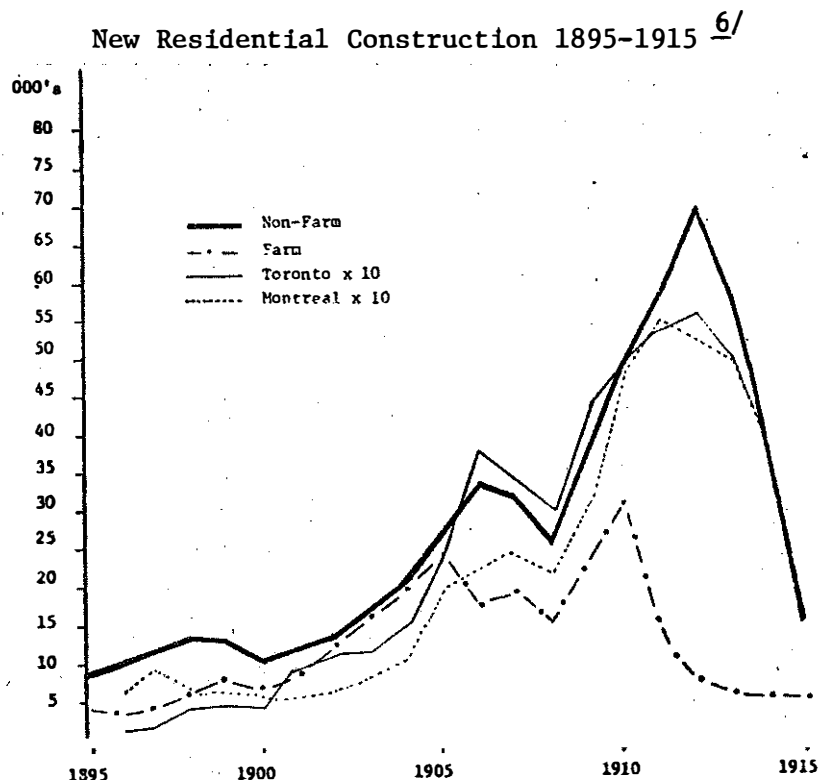
reached again until the 1960s. According to Professor Steele's new estimate, starts per thousand population averaged 4.7 in the 1870s and 3.4 during the next two decades. In the first decade of the century the average leaped to 7.6 before falling back to 6 per thousand from 1910 to 1920. However, in the period from 1905 to 1910 mean annual starts reached 8.7 and remained very high until 1914.<sup>5/</sup>

Although only 68 per cent of the population growth was urban in the first decade, Buckley estimated that between 1896 and 1915 urban housing construction was 83.4 per cent of the total. Professor Steele's annual estimates yield a figure much closer to the growth rate in the country: 69 per cent non farm and 31 per cent farm. Pickett estimated that 703,300 houses were completed between 1900 and 1914, while Steele's annual figures total 728,100 starts.

Nevertheless, despite the enormous investment the scale and location of the increased population created a severe housing problem in urban Canada. Census-derived housing statistics suggest that while the national density improved marginally, the housing-population ratio grew worse in many of the rapidly growing urban areas. While the estimates are blunted because of imperfect census material and blurred because of territorial annexations, the ratio in Montreal appears to have increased from 1:5.6 to 1:6.3, in Winnipeg from 1:5.6 to 1:6.4,

<sup>5/</sup> Steele, "Residential Construction," Tables 10 and 11. In 1965-69 starts reached 8.6 and in 1969-73 climbed to 10.7.

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in Hamilton from 1:5.2 to 1:6.6, and in Vancouver from 1:4.8 to 1:5.4. <sup>7/</sup>

<sup>6/</sup> Taken from the data in Steele, "Residential Construction," Tables A3, A4. The Toronto data is still shaky. For the years from 1901 to 1904 the Steele index yields figures of 793, 1128, 1176, and 1528. Permit figures given by the mayor in his 1905 inaugural were 784, 1165, 1517, and 2004. (Toronto City Council Minutes 1905, Appendix C). The index provides a figure of 2386 for 1905 and 3450 for 1907. The Canadian Annual Review (1906, 245) gave the figure of 2250 for 1905, and the CAB (April 1908) provided a detailed breakdown for 1907 with the number of new dwelling permits as 2443 valued at \$7.5 million. The value of all permits was \$14.3 million, and housing would seem to be a smaller percentage than usual of total construction. The 1907-08 drop may, therefore, have been even more severe than suggested above.

<sup>7/</sup> The density per dwelling improved, according to the census, from 5.23 to 5.11, largely because of improvements in such slow growth areas as the Maritimes and presumably rural Ontario. It was worse in Quebec, Manitoba and British Columbia. The ratio of housing to population growth moved from 1:3.7 to 1:4.8.



The housing of the wealthy during the Laurier boom belongs in the history of architecture. No style emerged, but the mansions of Rosedale and Westmount, Armstrong's Point and Shaughnessy Heights often rank among the finest examples of Canadian domestic architecture. And as the industrial magnates, merchant princes and financial barons raised up their witness to success, many a child could later recall with James Gray that "there were no houses.... only castles, huge castles three full storeys in height, some with leaded glass windows, and all, certainly with dozens of rooms.... I was awe-stricken by the sheer size of the houses."<sup>8/</sup> Like the wealthy, the middle class tended to desert the downtown areas, and re-establish in middle class suburbs on the periphery. New middle class suburbs emerged to the west and north of Montreal; in the west and north end of Toronto; in south-western Winnipeg; and in Vancouver's west end, on both sides of False Creek. While in every city there were some monotonous developments, the middle class usually purchased lots in new subdivisions and built their own homes, or selected from among designs offered by speculative contractors. In Montreal and Winnipeg, and even in Vancouver, the apartment began to emerge as an alternative to single-family dwellings for average and above-average income residents, although not in Toronto which continued to pride itself on its high level of home ownership. Nevertheless, even middle class housing - in the \$3-4,000 range - often was in very short supply in all major urban

<sup>8/</sup> James Gray, *The Boy From Winnipeg*, (Toronto 1970), 119-20.

centres. However, the real housing problem lay in providing accommodation for the thousands of new urbanites who worked in the factories and railway shops, or clerked in the stores, banks and business establishments.

#### Montreal to Vancouver

During the "days of trial," Montreal had become the largest manufacturing centre in the Dominion, and had established its primacy in heavy industry, transportation equipment, textiles and footwear. Industrialization accelerated in the first decade when capital invested, value added and value of production more than doubled. In Greater Montreal, the number of manufacturing employees leaped from 28,573 to 82,635 and in the city one out of every seven residents was engaged in manufacturing. Beyond the municipal borders, Maisonneuve, Hochelaga and Jacques Cartier had firms employing more than 30,000 workers, while Lachine to the west had almost doubled in population. Aided by the expenditure of more than \$22 million on port and harbour facilities, exports and imports more than doubled between 1900 and 1914, and the shipment of grain increased from less than one million bushels in 1906 to 62 million in 1914.

Between 1900 and 1914, the population of Montreal grew faster than before or since, increasing 75.7 per cent between 1901 and 1911, and the city probably doubled its 1901 population of 267,000 by

1914.<sup>9/</sup> Much of the 200,000 absolute increase in population came from the annexation of large sections of the counties of Maisonneuve on the east, Jacques Cartier on the west, and Laval to the north and northwest. Even so the city did not expand to absorb functionally integrated communities: part of Maisonneuve was not annexed until 1918; the fashionable residential areas of Westmount and Outremont (which had grown from 10,000 to 20,000 in the decade) retained their autonomy; and Montreal West began life as another fashionable dormitory suburb. On the south shore in Chambly, both Longueuil at the southern end of Victoria Bridge and St. Lambert grew modestly as they reflected the urban growth of Greater Montreal. On the shore of the St. Lawrence south of Montreal, Verdun grew as a dormitory, with some industrial and commercial base, from a population of 1,898 in 1901 to 11,629 a decade later.

The physical geography and the location of railways and industry helped to determine the human geography of the city. In Montreal the east end was developed as a working class area. Around the turn of the century the Viau estate was bought and subdivided into 4,000 lots.<sup>10/</sup> When the Canadian Pacific completed the land assembly for its Angus Shops in 1904 a substantial remainder was subdivided and sold in parcels for housing. By 1905 the Canadian Architect reported that the

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<sup>9/</sup> Some of the population growth was the result of large scale annexations between 1905-10. The population of the areas annexed was around 100,000 at the time of their annexation. The population of the 1861 city had grown by only 22,000 between 1901 and 1911 to reach 225,000.

<sup>10/</sup> CAB, August 1899.

Montreal Land & Improvement Company was building 50 working class dwellings between the workshops and Sherbrooke Street, and other companies were constructing dwellings and tenements in the same area.<sup>11/</sup> While some of the subdivisions had building restrictions and there were detached single-family homes, the preponderance of working class and low income housing construction continued to be in the tenement buildings owned by large numbers of individual proprietors and erected with little concern for design or comfort. One visitor to the city remarked: "In Montreal, where the question of space must be considered, one can understand the supposed necessity which impelled the builders of that city to erect their cheaper dwelling houses in tiers, one above the other, where families are neatly stowed as cattle and sheep are placed in railway cars."<sup>12/</sup> The irate Canadian Architect (March, 1905) referred to the great need for inexpensive houses, and observed that "the high rate of rents is having a most pernicious effect on the planning of the humbler sort of dwelling. Knowing well that people must be housed, and that in existing conditions, they may be compelled to pay whatever may be asked for whatever accommodation is offered them, speculators are putting up the flimsiest apologies for shelters with so many rooms crowded upon a given area that bedrooms and W.C.s are often enough arranged where neither light nor ventilation can reasonably be

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<sup>11/</sup> CAB, March 1905.

<sup>12/</sup> M. Maclean Helliwell, "Woman's Sphere," Canadian Magazine, Vol. 23 (May 1904), 80.

expected to percolate them." There seemed to be general agreement among contemporaries that building costs in Montreal were higher than Toronto. A trade magazine observed that people in Montreal had to live in flats and apartments because they could not afford to rent or buy single-family housing.<sup>13/</sup>

Statistically, at least, Toronto appears to have been rather more successful in meeting the demand for increased housing. Its success was not the result of lower demand, for between 1900 and 1914 the population increased 136 per cent and between 1901 and 1911 manufacturing employment doubled, and capital invested and value of product more than tripled. The spatial expansion of the city moved in all directions. The well-to-do continued their march northward, and the St. Clair-Yonge and Bathurst-Eglinton areas were opened up by

<sup>13/</sup> See Philip J. Turner, "Houses Costing from \$2,500 to \$5,000," *Construction*, VII, 1914, 91. The journal observed that rents were 25 per cent higher in Montreal, and attributed higher building costs in part to the Montreal winter which demanded better insulation and heating. The *Financial Post* (February 1, 1908) provided the following picture of the Montreal housing situation: "The demand for self-contained houses exceeds the supply. The apartment houses in the last building season were erected more liberally by builders than separate houses. They are being occupied largely because self-contained houses are hard to get. Rents will not likely rise because people are paying now all they can. They will not likely fall because there is a healthy demand for small property, which will react favorably on the better classes of houses. Prices have been maintained on a slightly higher level than last year. What rise has occurred is not speculative, but property has enhanced owing to the effect of increased population and industrial operations. The western suburbs of the city have had an influx of especially desirable residents. There are not many big deals going through owing to the scarcity of money. But recently three transactions were consummated which amounted in all to \$616,500. A large number of small investors however are purchasing building lots. The demand for commercial and residential property will continue to be good."

developers who charged high costs per foot and imposed expensive building restrictions. Working class and middle class Torontonians either moved east across the Don River, west along Bloor, or straddled the eastern, western or mid-town railway lines. Although most of the growth occurred within the 1900 city boundaries, the city expanded to absorb its suburbs. Toronto Junction had grown remarkably since 1890, for example, and when it was annexed in 1909 had an industrially based population of 1,200. A year earlier the city had absorbed East Toronto with a population of 4,781, and in 1912 expanded to its present northern boundary by annexing North Toronto's 6,393 residents. By 1941 there were 85,000 Torontonians living in the areas annexed since 1891, and there were another 31,400 outside the city limits but within an eight-mile radius of King and Yonge Streets.<sup>14/</sup>

Toronto's success in part might be attributed to cheaper land or lower construction costs than Montreal. Clearly there was a greater propensity to home ownership, and to owner-built homes in the city and its periphery than in Montreal. The city prided itself on the absence of tenements and apartments. In the working class community around Toronto Junction, which mushroomed during the period, the general pattern seems to have been small contractors throwing up a few houses for sale or rent, rather than large-scale developments. In the east end, the Globe reported on May 18, 1907, a leading contracting firm had acquired land and was building 300 homes priced at

<sup>14/</sup> Toronto Archives. R. C. Harris, F. A. Gaby, E. L. Cousins, The Radial Railway Entrances and Rapid Transit for the City of Toronto, Report to the Civic Transportation Committee (Toronto 1915), 4.

between \$1,500 and \$4,000, while other contractors in the west end also were building large numbers of detached and semi-detached homes of a more substantial kind. By 1911-13 most of the east end was in the hands of real estate companies, and 25-foot lots were advertised for sale at \$17 a foot. While the records reveal that many homes were purchased by contractors who built a row of houses, the companies were attempting to sell lots for individual housing construction. Posters advertising Cromwell Park, in the industrial east end, stated: "Mr. Rentpayer there is nothing to prevent you being your own landlord when \$10.00 down and \$5.00 per month will buy you a lot 20 by 125 running to a 20 foot lane. \$10.00 gives you immediate possession of your lot. The rent you save within the next few months will enable you to erect a comfortable home. The restrictions are so low and the terms so easy that any man can be his own landlord."<sup>15/</sup> A similar ad for nearby Lowther Park added that there was no need to worry about cash for building as "arrangements are frequently made with loan companies or private individuals to make payments by instalments. The amount you would pay for rent will pay for your house and you will have paid for it so easily that you will never have felt the cost." Outside the city there were no building restrictions and, as in other Canadian cities, Toronto had its shacktowns.

Winnipeg faced one of Canada's most serious housing problems. A population of 42,340 in 1901 had more than tripled by 1911 and had

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<sup>15/</sup> Toronto Archives, Subdivision File.

risen to 203,300 by 1914. Behind the staggering population growth was the simple calculus of western development, for which Winnipeg was the operational headquarters. The city remained in many ways a product of the railways. Not only did the railways funnel prairie produce and eastern manufacturing through the city, but the Canadian Pacific built its hugely enlarged western shops and yards during the decade, and both the Grand Trunk and Canadian Northern established their western headquarters in Winnipeg. The Canadian Pacific created much of the North End and "C.P.R. town" south of the yards. Other heavy industry followed and 3,500 C.P.R. employees were soon joined in the North End by those of the liquor industry, Dominion Bridge, other bridge and iron and wire works, Ogilvie Milling, and saw mills. The Grand Trunk established the instant city of Transcona, with a population of 1,600 on the outskirts, while the Canadian Northern and the Canadian Pacific built slaughterhouses across the river at St. Boniface. As the western market grew, eastern Canadian and American manufacturing firms increasingly located branch plants in the city, and the capital invested (\$4.7 million to \$26 million), number of employees (3,155 to 11,705) and value of product (\$8.6 million to \$32.7 million) increased remarkably during the first decade of the century.

Between 1900 and 1914 the city had to find accommodation for about 160,000 new inhabitants. The census indicates that only 14,000 dwellings were added between 1901 and 1911 a ratio of 1:6.1. Between 1900 and 1914 it is unlikely that more than 22,000 dwelling units were added, which would suggest the construction of a new dwelling for



every eight new residents.<sup>16/</sup> The ratio was deplorable, but not absurd. Winnipeg was populated by large numbers of single men both as residents and as transients. Tens of thousands of immigrants annually entered the city, as short-term industrial and construction labour or en route to farm labour or railway construction, whose needs were simply for rooms, not homes.

Speculation in cheap housing was endemic in Winnipeg, with many new residents at once moving into the real estate business in the rapidly growing working class areas. Building records show an enormously high percentage of owner-built homes. Yet the speculators and contractors were everywhere, and the local press was decorated with the most flamboyant ads for subdivisions and painless lot purchases. Every acre in the city was subdivided, and large tracts were developed beyond the fringe of settlement where land was cheaper and taxes almost non-existent.<sup>17/</sup>

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<sup>16/</sup> This figure was reached by taking the average cost per house in 1906 and the 1906 proportion of residential construction to total construction when detailed permit figures were located, and calculating the number of units from the annual value of all building permits from 1900 to 1914. In 1906, for example, \$5.6 million built 1,147 frame buildings without plumbing or foundations, 989 frame with stone foundations, 175 brick (for \$1 million of the total), and 45 brick veneer. Manuscript records of the Building Inspector, Winnipeg. The average cost of all houses was \$2,435, and for the cheaper frame about \$1,000.

<sup>17/</sup> Winnipeg seems to have been among the leaders in apartment building, perhaps because of the greater American influence. The first apartment building, the Cauchon block, had been erected as early as 1884, at a cost of \$640,000. A 1969 survey stated that 1,209 units built between 1900 and 1909 and 4,515 built between 1910 and 1919 were still standing, although many of these could have been conversions. However, the CAB (October 1904) refers to the large number of apartment buildings in the city, most of which seem to have three or four floors, steam heat, electric light, and a central light well. Nevertheless, the demand for suites outnumbered completions ten to one.

Vancouver felt the pulse of the new prosperity earlier than much of Canada when it became a secondary outfitting centre for the Klondikers in 1898. Although boom conditions - the "mining madness" a contemporary called it - soon disappeared, the initial thrust was maintained, and some of the capital did move into urban and hinterland development. Soon after the turn of the century the hinterland economy began to feel the impact of major capital investment - Canadian, American and British - in the natural resources of the province.

A generous provincial land policy encouraged both speculation and development, and cash bonuses and bond guarantees attracted substantial railway construction after the 1907 recession. Growth was rapid, if erratic, between 1899 and 1906, and feverish between 1904 and 1907. With the crash safely behind them Vancouver and British Columbia underwent a development spiral that seemed almost new in kind, because the rate of ascent was so much greater. Nowhere in the economy were there any signs of restraint between 1908 and 1913 by government, corporation or individual.

While the population of Canada increased 33 per cent between 1901 and 1911, British Columbia's increased 102 per cent. Vancouver, with its functionally integrated suburbs of South and North Vancouver, increased more than 300 per cent, and by the end of the decade its share of the provincial population had jumped from 15 per cent to more than one-third. Inevitably the industrial base of the city expanded as the hinterland economy grew. Capital invested increased from

\$6.9 million to \$22 million over the decade.

While Vancouver's growth was almost as rapid as Winnipeg's, the Pacific outpost appears to have performed rather better in the provision of housing. The census indicates that 15,500 new dwellings were constructed to house an additional 100,000 people, for a ratio of 1:6.6, and descriptive records suggest that the figures are reasonably accurate. Overall construction matched increased population, and reasonably low construction costs (given the local supply of lumber and building restrictions), the construction of apartment buildings and the conversion of "older" homes into lodging houses and flats helped to ease the shortage. As in Toronto and Winnipeg, large sections of the fringes and the unincorporated suburbs were built by the owner or by day labour.

The working class communities spread eastward throughout the city and by 1910 had reached the city limits. The provincial government sold the Hastings townsite, and it was serviced by the city and sold as a working class area. Burnaby, a district of farms and shacks beyond Hastings, felt the impact of urbanization. Working class houses also filled in the area on the south shore of False Creek, where Canadian Pacific land agents sold lots or parcels of land at low prices to attract workers, and spread in a disorganized fashion throughout the eastern section of South Vancouver. In 1901 there were only 1,500 people across the creek, but by 1911 there were 16,000. The inhabitants of the owner-built and jerry-built homes preferred outdoor plumbing, wells, bad roads and no sidewalks to taxes, and as

late as 1905, when there were 500 children in school, there were only rough roads and trails through the forest, while by 1914 unsteady frame houses blended easily with their mother stumps.

To the west the Canadian Pacific had created Shaughnessy, selling improved land at \$10,000 an acre and restricting buildings to homes over \$5,000. Further west the middle class of West Point Grey joined its Shaughnessy neighbours in deciding to be free of the paralyzing thrift of South Vancouver, and institutionalize the social segregation by seceding in 1908. The first council introduced the principles of town planning, and by the early 1920s West Point Grey had crystallized its desire to be "a first class residential district" by a comprehensive zoning ordinance.

Slums and shacktowns.

The evidence of an acute housing shortage for low income Canadians - even average income Canadians - in the boom years is as clear and incontestable as the existence of slums and shacktowns. Downtown slums were not a new Canadian phenomenon, and since the mid-nineteenth century had been a subject of social criticism. But the extent of urban slums was so different by the first world war that contemporaries saw them as a new phenomenon, and since they were often inhabited by a large number of foreign-born, uncharitably referred to them as "ethnic ghettos." The problem of the ethnic ghettos, Dr.

Charles Hodgetts, medical adviser to the Commission on Conservation, said in 1911 was "a problem which concerns every city, town and district in Canada and must be grappled with right now."<sup>18/</sup>

Immigration from continental Europe was sizeable. Between 1901 and 1921 more than 800,000 immigrants arrived from the continent, most of them before 1914, and the percentage of foreign-born increased from 6.7 per cent to 13.8 per cent of the population. While the agricultural frontier was the destination of many of the foreign-born, many deliberately and many others accidentally settled in the established or developing urban centres, finding employment in manufacturing, construction, transportation, forestry and mining.

The following table reveals some of the dimensions of the urban immigration - and migration:<sup>19/</sup>

		Canadian-born	U.K. born	Foreign-born
Montreal	1901	303,199	26,330	19,135
	1911	436,307	49,711	46,860
Toronto	1901	113,972	32,715	8,476
	1911	203,079	88,988	30,932
Winnipeg	1901	26,351	8,202	7,546
	1911	56,989	37,242	30,842
Vancouver	1901	14,566	5,432	7,048
	1911	53,335	39,583	26,939

By 1911 over 24 per cent of the population of Fort William and 22 per cent of that of Port Arthur had been born in continental Europe, while

<sup>18/</sup> Charles A. Hodgetts "Unsanitary Housing," Commission of Conservation Canada, (Ottawa 1911), 57.

<sup>19/</sup> 1901 Census, 1911 Census. Montreal includes the five city wards and Jacques Cartier, Hochelaga and Maisonneuve. 6,000 of the foreign-born in Toronto and 12,435 in Vancouver were Americans.

Winnipeg with 19 per cent, Regina with 17 per cent, and Sault Ste. Marie with 15 per cent were not far behind.

With some exceptions the immigrants tended to gather together in certain sections of each city, usually as close as possible to their employment. The combination of a form of kinship, location of work, uncertain employment, low income, the determination to create the greatest spread between income and expenditure, and probably the experience of a lower standard of comfort than was assumed by the host country led to overcrowding and its consequences. The root of the problem unquestionably was the size of the sudden influx, but to many contemporaries it was perceived almost exclusively as an ethnic problem. Speaking to the Canadian Political Science Association in 1913, Bryce Stewart observed that the country had been "called upon to shelter an army of nomads with lower standards of home life who have come with the determination to sacrifice while with us even such standards as they may have."<sup>20/</sup> Hodgetts agreed that capital accumulation was of a higher priority than physical comfort: "in their eagerness to get money, they often live more like swine than human beings."<sup>21/</sup> Even the social gospel revealed traces of prejudice when confronted with the slums of Winnipeg: "These are some of our immigrants, our coming citizens," exclaimed J. S. Wordsworth. "How

<sup>20/</sup> Bryce M. Stewart, "The Housing of Our Immigrant Workers," Canadian Political Science Association, Papers and Proceedings, (Ottawa 1913), 99.

<sup>21/</sup> Hodgetts, "Unsanitary Housing," 57.

about standards of living - decency - morality? What about education and religion? Is it too high a flight to ask, what about our Canadian ideals?"<sup>22/</sup>

Descriptions of the urban slums are legion in the reports of health officers and police courts. A 1907 health survey in Montreal revealed that nothing had changed since Herbert Ames' study a decade earlier.<sup>23/</sup> Some of the downtown housing had been levelled to make way for industrial and commercial expansion, but much remained, sometimes improved by tougher health and fire regulations, until threatened by post-1945 urban renewal. A survey by the health department of Toronto slums in 1911 revealed homes in cellars, lanes, stables and shacks, where adults and children mingled with chickens and cows; where the number of lodgers or family outnumbered the beds; where thousands of families lived without drains or drainage, and people outnumbered baths five to one; and where high rents seemed matched only by high disease rates. There were an estimated 17,000 outdoor privies in the city, and the dumping of night soil in vacant lots was a nocturnal pastime.<sup>24/</sup>

Working class and immigrant housing was as bad in Winnipeg as anywhere in the country. The routing of the railway lines and shops,

<sup>22/</sup> J. S. Woodsworth, *Strangers Within Our Gates*, (Toronto 1972), 220.

<sup>23/</sup> See for example, L'Abbé E. E. M. Gouin, "Le Logement de la Famille Ouvrière, L'Ecole Sociale Populaire, No. 9, (Montreal 1912).

<sup>24/</sup> Report of the Medical Health Officer dealing with the Recent Investigation of Slum Conditions in Toronto, (Toronto 1911).

and the location of industry, created a sharply segregated city. Downtown the working class rapidly converted the large homes deserted by the middle class in its flight south and west into multiple-family dwellings and rooming houses. One official report described the triangle between Notre Dame, Portage and Main in 1918:

Twenty years ago this district was one of the best residence districts in the city. It has gradually deteriorated owing to the migration of the former occupants, who built and owned the dwellings, to more attractive suburbs, and also by the gradual encroachment of business premises. Many of the houses are quite large, more than half of them consist of eight or more rooms. Many have got into a poor state of repair. The large size makes it difficult to rent them for single families, and as a consequence we find a large number of them occupied as boarding or rooming houses, and, what is still more objectionable, no fewer than 122 houses are improperly occupied as tenements by from two to eight families. In none of these houses has any attempt been made to alter or fit them up in a manner suitable for their new grade of occupancy. Seventy-eight rooms were found which had not any window opening directly to the outside air. One hundred and forty rooms were noted as being too dark for occupation. In some of the houses as many as eight families had the joint use of one W.C. One hundred and fifty-four W.C. compartments were found with no window opening to the outside air. Two hundred and sixty-nine families had no sink. The average rent of one-roomed suites in the dwellings improperly occupied as tenements was \$10.37 per room, which, of course, included heating.

In this district not more than five per cent of the population was foreign, and only four of the dwellings were classed as dirty. The facts given indicate the conditions under which a good class of English-speaking people are living in a western Canadian city. 25/

25/ Cited in A. G. Dalzell, *Housing in Canada*, (Toronto 1927), 21-22.



But the stock of old housing was far too limited and, as Allan Artibise has written, "to meet the demand for new housing, large tracts of land in the North End were purchased, developed, and sold to newcomers. But in order to make large profits, the developers pinched on land."<sup>26/</sup> The lots were very narrow, and the cheap frame houses without basements or foundations, indoor toilets or decent drainage, and with refuse running into open sewers along the muddy street - became home for tens of thousands. Many of the owners or renters took in other families or single boarders, and the supposedly single-family homes became as congested as the tenements and rooming houses downtown. J. S. Woodsworth cited a few examples:

M. Simok and M. Selenk endeavoured to ascertain how many adults they could crowd into a given space. Selenk managed to accommodate forty-three occupants in five rooms where only fourteen could hope to find sufficient atmosphere for healthy respiration. Simok ran his neighbor close, having twenty-four in one room where only seven should have been. His rooms were too low, and lacked ventilation. In consideration of the immense profits made by such economic means, Magistrate Daly, at this morning's police court, charged Selenk \$15 and costs, and Simok \$10 and costs....

Stanislau Yablonovich is a teamster. He owns his own team, and his wife goes out cleaning. They own their house and several lots. They live in two rooms, and have five roomers. The furniture consists of three beds, a table, two chairs, a stove and some boxes. The attic is full of pigeons....

Mrs. Machterlincks is a widow; she has a rented house in which there are five rooms. She has two

<sup>26/</sup> Artibise, "Social History of Urban Growth," chapter 9, 27.

families as tenants, and between fifteen and twenty men boarders. She has several lots nearly paid for....

Pieter Yabroof is employed in a slaughter-house. He and his wife and two children live in two rented rooms, and keep from fifteen to twenty men roomers. The place is nearly all beds. There are also a table, a stove and some boxes.... 27/

Since 1893 the provincial board of health had pointed to Winnipeg's sewers as the major cause of the dreaded "Red River fever," a local euphemism for typhoid. Further investigations followed a typhoid outbreak in 1904 and 1905, when a medical team pointed to 6,500 outdoor privies, even on such major arteries as Main and Portage, and declared that in the northern sections of the city "the filth, squalor, and overcrowding among the foreign elements that inhabit these places is beyond our power of description."<sup>28/</sup>

The City Council was reluctant to act; partly because of its knowledge that improved sanitation would further increase building costs and taxes. Its initial response, under pressure, was to make it compulsory to secure a permit to have an outdoor privy. One breakthrough occurred in 1905 when property owners were allowed to spread the cost of sewage connections over five years, and another a year later which forced all apartment and tenement owners to connect with the system where it existed and to have one water closet and sink for every 20 people. Even then officials were reluctant to prosecute,

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<sup>27/</sup> Woodsworth, *Strangers*, 217-18.

<sup>28/</sup> Cited in Artibise, "Social History of Urban Growth," chapter 12, 14-15.

fining one J. Malinski only \$3 for refusing to connect his six North End houses to the sewer. Nevertheless, the situation improved. City health standards were reluctantly tightened. By 1914 there were only 666 of the 6,339 outdoor privies existing in 1905 left in the city.<sup>29/</sup>

The degeneration of the older sections of the city, and the rise of shacktowns on the outskirts or in the undesirable sections of the city were not confined to the larger centres. In "Housing Our Immigrant Workers," Bryce Stewart described city blocks in Fort William, Port Arthur, Hamilton, and Sydney, Nova Scotia, where hundreds of families and single boarders were crowded into houses built for a tenth their number. In Fort William, one block of 41 houses with 132 rooms and 207 beds accommodated 337 immigrants - 36 families and 173 boarders; in the northwest section of Hamilton, immigrant workers paid \$25 a month for eight-room houses which accommodated about 15 people; in Sydney, Nova Scotia, Canadian and immigrant steel workers averaged 13.5 people per house in one section of the town.<sup>30/</sup>

What the slums were to downtown, the shacktown was to the outskirts. Sometimes the shacktowns were little more than squatters living on unimproved land outside the city limits, much as small clusters of houses still grow up outside resource towns. Hodgetts described one such in Sault Ste. Marie: "This colony is crowded into a lot of miserable shacks, filthy both outside and inside; no cellars,

<sup>29/</sup> Ibid., chapter 12, 26.

<sup>30/</sup> Stewart, "Housing of our Immigrant Workers," 103-111.

no drainage, closets on the surface of the ground, vile beyond description; water from shallow wells which were dirty and unfit for use, and most of them located within a few feet of the closets." Other shacktowns simply reflected the amount of investment possible by the labourer or artisan, the flimsy frame structure covered with tar paper or scrap tin, tottering uneasily on cedar or concrete blocks. In some ways Winnipeg's North End was a shacktown, and there were others within and outside Canada's growing urban centres from coast to coast. As Hodgetts commented: "Should the married man live in the suburbs, it is perhaps in a shack town, the whole family being crowded into one or two rooms intended to serve as a kitchen annex to the home he hopes to build. His great expectations are slow to materialize and frequently he, or some others of his family, die in the making of a home - victims of unsanitary housing. This is an example of the working man being the victim of land speculators whose sugar coated offers have led him to launch out on a scheme of housing which they knew well it was difficult for him to carry out to a successful issue."<sup>31/</sup>

Yet to thousands with low, or even average, incomes in the boom years (and since) the suburban shack was the first step to home ownership. Cheap land purchased on the instalment plan and the absence of building restrictions, combined with industry and a nodding familiarity with a saw and hammer alone made possible the ownership of a home. A

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<sup>31/</sup> Hodgetts, "Unsanitary Housing," 54-55.

reporter for the Toronto Globe in 1907 provided a much fairer portrait of the shack dweller and of the communities they spawned:

Like a straggling procession of ill-shapen, ill-clad pilgrims journeying toward a Mecca of things they hope to be, Shackland's dwellings extend around Toronto. They commence at the lake shore on the east in the region of the Woodbine race-track and extend northward and west to Moore Park, Deer Park, Eglinton, Wychwood, Bracondale, westward to Earls court north of the Canada Foundry, and to Toronto Junction. Thence, like a fagged-out Labor Day parade, they amble through the fields and woods north of Swansea and Mimico. There is scarcely a terminating car line in the city but taps the shacklands, and in the early hours of the day brings hundreds of its fathers, sons, brothers - and even women - down to the daily toil. These shack communities are growing and spreading at a marvellous rate, and even several miles north on Yonge street large blocks of land are being sold on the instalment plan to workingmen who are tired of or unable to continue paying rent for quarters in more downtown districts. 32/

Resembling chicken-houses or wood sheds more than homes, the shacks were initially one or two rooms built well back on the lot, the kitchen first - "Shackland is all kitchens" - and additional rooms appearing as energy and income permitted.

It is thus that part of Toronto's house problem has been solved. Instead of living in a "real" house or cottage on some of the city streets proper, instead of paying eight or ten, fifteen, or twenty dollars a month in rent for which at the end of the years there is nothing to show but good credit, these folk own the very land on which they live. Every cent that would otherwise be required for "the rent" applies on

32/ Globe supplement, November 9, 1907.

the mortgage. More than this, families who never possibly could have paid even eight dollars rent and who otherwise would have gone to help make a tenement district in Toronto, are able to secure land by payment of an initial fee of even \$1 and the subsequent instalments of fifty cents a week.

For a house they may put up anything. They may tent, or even sleep in the open air. It is much maligned - this instalment plan; no doubt when Toronto of 1920 reaches out for greater bounds she will have within them this shackland territory with an hundred problems of sanitation and fire regulation to face, but aside from that, viewing the question wholly from the point of view of the present, this system of buying homes is giving hundreds of Canadian mechanics and laborers and many an immigrant a little space on which to live - to call home. This is an alternative for the crowding of mothers and babies and hearty-weary men, into cellars and squalid places in the low-class sections of the city.... <sup>33/</sup>

Toronto was not alone. Sections of Winnipeg, Hamilton East, Burnaby, South Vancouver, sections of eastern Montreal, and countless northern railway and resource towns were shacktowns, some of them becoming the castles men dreamed of, others having no purpose other than keeping out the rain until their occupants moved on.

Slums and shacks were only the most visible results of the housing shortage. Less striking but more important was the doubling up, the overcrowding, the high costs for low value accommodation, and the spiralling rent that increased faster than wages or food costs. Between 1900 and 1905 rents across Canada increased by 20

<sup>33/</sup>Ibid.

per cent and by 1913 were 60 per cent higher than in 1900.<sup>34/</sup> Over the same period bricks had increased 80 per cent in price, and cement and lumber 50 per cent.<sup>35/</sup> Wage rates had also increased 50 to 60 per cent in most occupations, however the increase of 50 per cent in construction was in part the cause of higher costs of housing.<sup>36/</sup> Contemporaries cited the high cost of labour and materials as the major cause. The Financial Post stated in Winnipeg, for example, "with the present high prices of lumber and labour" it cost at least \$2,000 for a workingman's cottage, which, with a lot valued at \$500 was considered to be as much or more than he could afford.<sup>37/</sup> The Canadian Architect continued to believe, not unnaturally, that the solution lay in design, and that through new designs and the use of materials the profession could reduce labour and materials cost.<sup>38/</sup> Labour and materials costs unquestionably did increase and more severe building regulations and the growing demand for such luxuries as indoor plumbing pushed costs up. But the most notable increase appeared to have come in the cost of land itself and in the profits made in speculative land acquisition and construction. On the supply side it also appeared that investment capital found more profitable

<sup>34/</sup> Report of the Board of Inquiry into Cost of Living, (Ottawa 1915), 457.

<sup>35/</sup> Ibid., 480.

<sup>36/</sup> Ibid. See also Buckley and Urquhart, Historical Statistics, D8.

<sup>37/</sup> Financial Post, May 11, 1907.

<sup>38/</sup> CAB, May 1907.

opportunities than in the construction of inexpensive houses.<sup>39/</sup>

Unconsciously the Hamilton City Council explained much of the problem. Its 1913 brochure was a hymn of praise to a city that had attracted dozens of new industries, and was an absolute haven of golden opportunities. Land values, it observed, were soaring, and land that sold for \$20 a foot in 1910 would not be sold for \$200 three years later. With the number of industries there was a great need for housing, and while the many new subdivisions had been 90 per cent financed by Hamilton capital, large amounts of new capital were needed to finance more rapidly selling subdivisions. The brochure suggested that with the mortgage rate at over 6 per cent, such an investment should be particularly promising to old country investors. But if 6 per cent sounded niggardly, the council was quick to point out there was a faster way to make money: "Where, however, the largest and quickest returns are made is in the buying of acreage in the suburbs, subdividing into building lots, developing the estates by grading and levelling the streets, putting in sewers and sidewalks and selling these improved lots with building clauses suitable to the locality. It is not straining the truth to state

<sup>39/</sup> In his testimony before the cost of living inquiry in 1914, Frank Beer a Toronto housing expert, stated the price of wage earner houses had increased 50 per cent in ten years because the increase in the price of land made the construction of small houses less profitable than formerly, and few builders or speculators built houses to rent at \$12 to \$15 a month. The extension of the rapid transportation system would make accessible inexpensive land, and thus lower costs, he added. He also acknowledged that building by-laws, and labour and material costs played an important role.



that there is no form of investment in existence that shows such a sure and handsome return without any of the risks that usually attend a high rate of profit."<sup>40/</sup>

The advice appears to have been followed from Halifax to Vancouver. There had been land booms in Canada before the pre-war decade, but there had never been a boom which in extent and scale was comparable to that of the Laurier era. Although recollections of local crashes in the '80s and '90s died slowly and the modest slump of 1904 made some investors wary, by 1908 the urban land boom was under-way. By 1912 it had reached staggering proportions. The hundreds of land companies that operated in the prairies and in British Columbia, the auctions of town lots that attracted 300 Canadians and Americans to Outlook, Saskatchewan to spend \$60,000 were part of the opening new resource frontiers.<sup>41/</sup> But the speculators and developers who infested every Canadian city from Montreal to Vancouver were part of the new urban frontier. The fortune to be made in urban and suburban land attracted millions of dollars of

<sup>40/</sup> Hamilton, Canada: Its History, Commerce, Industries and Resources, Hamilton City Council, (Hamilton 1913), 249.

<sup>41/</sup> Financial Post, September 5, 1908.

British, American and Canadian capital.<sup>42/</sup>

In every major Canadian city commercial land values doubled between 1902 and 1907, and doubled and doubled again by 1914. Prime residential land in mid-town Toronto increased from \$10 a foot frontage in 1907 to \$75 in 1909 and \$150 a few years later. Sub-urban farms in Montreal and Toronto worth 10 cents a foot when acquired were selling at \$30 a foot a few years later, improved only to the extent of a surveyors line. The Financial Post reports, and subdivision registers and advertisements reveal that in Montreal, Toronto, Winnipeg and Vancouver, Calgary and Edmonton land was acquired from farmers by syndicates and registered as subdivisions that was not to be built on until the 1950s and 1960s. The island

<sup>42/</sup> While British capital was more apparent, American land speculators and town boosters were more evident. American entrepreneurs were behind many subdivisions in most Canadian cities, including the west end of Montreal Island. Writing in 1927 Dalzell commented: "The new towns and cities of Canada, and the extension of the older cities, have been planned by real estate operators, many of whom came from the United States, or by men who copied the methods adopted by those who were responsible for the subdivision of the towns and cities of the Western States which passed through boom periods similar to those that were later experienced in Canada." (Housing in Canada, 12). The sale of Canadian lands in the United States appears to have been comparable to the more recent marketing of Arizona and New Mexico lands in Canada. The Financial Post (March 22, 1913) carried this report: "Nebraska proposes to pass a law that will materially affect the land business in the Canadian West.... The provisions of the bill proposed, according to a dispatch sent to Winnipeg, require that every agent offering Canadian lands for sale must first have the lands in question examined by a state board. Then the agent must take out a license at a cost of \$25 and at the same time put up a bond for \$1,000. Why this bond? It is to ensure that no statement is made to a prospective purchaser that cannot be proved or made good...."

of Montreal, for example, was virtually totally acquired and much of it subdivided. As late as 1964 large sections of subdivided agricultural land still remained unused.<sup>43/</sup> In Toronto land syndicates advertised choice garden developments far to the north of the present Highway 401 that still were farmlands - often unused - in 1960; Ottawa expanded to accommodate a million people; subdivisions in Calgary, Edmonton and Winnipeg stretched far into the prairies. As the Financial Post reported, in Winnipeg "...there are subdivisions four and five miles out which are changing hands at \$25 and \$30 a front foot. Scarcely any of these lots are being built on. They are simply speculated in, and enough of them have been sold to accommodate a population of over a million.... The buyers are mostly small men, and in many cases do not reside in Winnipeg at all. There is no earthly reason why land five and six miles out should cost \$1,000 for a fifty-foot lot."<sup>44/</sup> What was true in 1907 was doubly or triply true by 1913.<sup>45/</sup>

Investment declined with the crash of 1907, but quickly returned to finance the enormous boom of the 1908-13 period. Unquestionably

<sup>43/</sup>Urbanization: Service d'Urbanisme, Montréal, Novembre 1966, Bulletin Technique, No. 5, Plate iv.

<sup>44/</sup>Financial Post, May 11, 1907.

<sup>45/</sup>In Saskatoon real estate promoters predicted a population of 500,000 in a generation. Land was subdivided six miles from the city centre - some of it not yet built on - and the mayor recommended that the radius be lengthened to ten miles. R. Rees "The Magic City on the Banks of the Saskatchewan: The Saskatoon Real Estate Boom 1910-1913," Saskatchewan History, XXVII, No. 2, (Spring 1974), 53.

the influx of British speculative and investment capital was accelerated by the Lloyd George budget of 1909 when death duties, the super income tax, and a 20 per cent land value duty on unearned increment (paid when the land changed hands) staggered the wealthy. "This year has seen a great tide of English capital flowing into Western Canada," exclaimed the Winnipeg Telegram. "Millions upon millions have been invested by English financiers.... In Winnipeg alone the amount of English money sunk in real estate is astonishing."<sup>46/</sup> It was equally astonishing in Vancouver, Calgary and Edmonton, and countless western towns and villages; in farm lands and fruitlands; and probably as great in value if not in proportion in Toronto, Montreal and other eastern cities. The imperialist editor of the Canadian Annual Review, J. Castell Hopkins, who had more than a sneaking reverence for a lord, exclaimed that in 1912 in addition to massive sales of securities,

....individual money was literally pouring into Canada. British capitalists, Peers and Commoners, financiers and merchants, were visiting, inspecting, buying. The Duke of Sutherland in 1912 had about 7,000 acres in Alberta and British Columbia; ....the Earl of Aberdeen was drawing large returns from his fruit farms at Coldstream, B.C.; Earl Grey maintained a hunting lodge in the Rockies and what his personal investments were could only be guessed at; Lord Clanwilliam was a large shareholder in the Saskatchewan Investment Company and in the leading Saskatoon Hotel; Lords Hidlip, Desborough, Joicey, Congleton and Castlereagh were interested in British Columbia properties; Sir William Carstin, Sir Arthur Lawley, and Sir

<sup>46/</sup> Winnipeg Telegram, October 29, 1910.

Ronald Lane held Alberta land, mines and mortgages;  
Lord Hyde, heir to the Earl of Clarendon, and Lord  
Somers purchased land near Toronto.... 47/

More formally many corporations engaged in speculative real estate, such as the Canadian Agency Limited of London, which not only acquired control of the Lake Superior Corporation but owned the Tuxedo Park subdivision in Winnipeg, prairie land near Gleichen, Alberta, land companies at Medicine Hat and Edmonton, and the Peace River Trading and Land Company.

A year later, following the slump of 1913, the Review, rather more restrained in its comments, provided a good overview of the speculative boom:

The most-talked of development during the tight-money period was this matter of speculative land and property sales in or near the borders of cities, towns and even villages. It was not a basic cause of the depression but it certainly was an acute symptom and an irritating local influence. The process of anticipating expansion had been general, and in a moderate degree was quite natural, amongst all urban centres of a progressive character in the years immediately preceding 1913--in the East as well as in the West; but it was not nearly so conspicuous nor was it carried to such an extreme in the one as in the other. Through the Western Provinces right out to the Pacific Coast everybody had been speculating in real estate, every village and town had been anticipating the days when it would be a city or important centre. Nearly everyone for a time had made money out of selling properties to others in the locality, to the visitor or investor from abroad, to the speculator in another city, to syndicates which further exploited the

47/ Canadian Annual Review, 1912, 155-6.

property or combination of properties as subdivisions, to the American sharper who bought land for a trifle miles away from the centre of a town and flooded Eastern or English newspapers with flashy advertisements of "a choice residential centre" close to such and such a progressive town, or rising centre, or seat of future railway and industrial development.

When the collapse came, as a matter of course at the first period of stringency, the effect was personal to a very great number of people and it hit the masses as well as the wealthier classes. The former had been attracted by the \$5.00 or \$10.00 a month for which they could purchase and pay for a lot and they were sure to feel severely a financial situation in which calls had to be met and land could no longer be turned over, with facility and a small profit, to someone else. The larger speculators, whether merchants or small capitalists, or professional men, or clerks on a good salary--perhaps on a very small one--were hit still harder. It would be incorrect to assume that the trouble developed only in the West though it was most heard of there and was, certainly, carried to the greatest excess....

In the West conditions were utterly and radically different from those of the East. The progress of population around a centre such as Toronto or Montreal or St. John or Halifax could be fairly well gauged by experience and knowledge of past development; in the Western Provinces the tiny hamlet of 1909 was a city in 1912, the bare prairie of one year was a substantial village in the next. Around Winnipeg or Calgary, Saskatoon or Edmonton, Regina or Moose Jaw, Vancouver or Victoria, vacant land near the city worth a hundred dollars a foot would in a year or so be quoted at \$1,000 or \$2,000 a foot....

It was no wonder that speculation developed; much of it was excusable, natural and unavoidable; only a portion out of the great total was dishonest and worthy of the reprobation so freely accorded in 1913 to all forms of land speculation. Something of the same view applies to allegations of inflated land values. There was inflation--obvious, deliberate, undeniable--and of a kind which indicated fraud and should have been punishable under the law.

It was shown in such enterprises as that of dozens of land agents scattered throughout the cities and towns--usually from the United States--who advertised in outside papers much more frequently than in their own; who held no stake in the country and had no intention of remaining in it; who developed the far-away Sub-division plan into a fake and fraud; who collected all the money possible from sales to the unwary and gullible in the distant East or even in England; who disappeared after a fortune had been made or when the Stringency came. 48/

On his return from England in the fall of 1913 W. T. White, the minister of finance, reported that while the "attitude of financial London today is more favourable to Canadian enterprises than it was a month or six weeks ago," a prejudice still existed towards Canadian investment partly because "considerable English money has been lost in certain real estate and other investments" and he warned that "the day of the wildcat real estater and the company promoter, with the fraudulent prospectus, is over in London for some time to come."49/ Despite the setback, British and American capital investment in real estate continued. Writing in 1914, Fred Field commented that "the buying of town and city real estate is a growing feature. Britishers own property, in some cases very valuable, in all the leading municipalities.... In the last six months a large amount of British capital has been placed into Canadian lands and city and town real estate," including a \$500,000 purchase of 250 acres along the lakeshore

48/ Ibid., 1913, 35, 38.

49/ Ibid., 1913, 26-27.

in Toronto.<sup>50/</sup> Field himself recommended such investments:

In a country, where nation-building is the first work, art and duty; where railroad steel is laid by hundred miles every year; where acreage under cultivation increases at a great pace; where new population coming in thousands is part of the life; where natural resources make a strong foundation; where outside capital flows unceasingly; where, in a word, growth is the order of the day, there must be a natural increase in land values. The recognition of this fact has been the basis of speculation. The unfavorable factor is a floating army of land sharks, discounting that fact again and again, until the holders of hundreds of acres and thousands of so-called city and town lots have their money locked in land. Fortunately, the sound business and financial men of Canada are unanimous as to the undesirability of these conditions.

Real estate in the Dominion, purchased with open eyes and good judgment, is one of the best investments in a country replete with good investments. Inside town and city property has not, generally speaking, got beyond bounds. The rapid growth of our municipalities brings with it a legitimate increase in the values of city property. Farm lands, sold as farm lands, can be bought reasonably. The splendid opportunities which exist for such investments are almost innumerable. Which makes it still more unfortunate that we sometimes have the unnecessary company of some unscrupulous sellers. <sup>51/</sup>

British capital was important not only on the speculative and development side, but also in the purchase of securities in mortgage

<sup>50/</sup> Fred W. Field, Capital Investments in Canada: Some Facts and Figures respecting one of the Most Attractive Investment Fields in The World, (Montreal 1915), 140.

<sup>51/</sup> Ibid., 251-2.



companies. By 1905 the pattern established in the 1890s was again reversed as the demand for mortgage money outran Canadian supply, and mortgage companies again turned to Britain. The gradual increase in sales of securities in Britain between 1905 and 1908 leaped suddenly in 1909 and continued to increase until the war. Simon has estimated that between 1902 and 1908 only \$1.2 million of British capital was invested in finance, real estate and land securities, but that between 1909 and 1913 the amount jumped to \$15.3 million. Mortgage company records indicate that in the latter period sterling debentures increased from \$43.8 million to \$56.7 million.<sup>52/</sup>

In the same period, however, Canadian debentures jumped from \$39.4 million to \$64.5 million, a solid indication that the bulk of the formal mortgage lending was being internally financed. Between 1900 and 1915 the assets of mortgage companies increased from \$134 million to \$260 million, with 78 per cent of the assets in mortgages. The assets of life insurance companies increased from \$108 million to \$364 million, and the percentage of assets in mortgages from 29 to 34 per cent. Trust company assets of \$63 million in 1915, an increase from \$9.6 million in 1900, were 28 per cent in mortgages.<sup>53/</sup> Despite the enormous urban housing boom much of the mortgage lending appears to have been in the west. Private lending and small intermediaries, who arranged for loans rather than lend, appear to have financed a

<sup>52/</sup> Matthew Simon, "New British Investment in Canada, 1865-1914," III, No. 2 Canadian Journal of Economics, (May 1970), 238-254.

<sup>53/</sup> See Neufeld, Financial System of Canada, Appendix Table B.

substantial portion of the billion dollars invested in urban housing.

There were profits on construction as well as on land, of course, although capital for land speculation and development seemed more available than for actual construction. Nevertheless, house construction also seemed to have its own speculative fever. Writing in Macleans Frank Drake recommended home building as an investment. Wise investors, he suggested, would individually or through the formation of a syndicate buy lots within or on the outskirts of any rapidly growing city, improve the land, and build and sell homes. One young man, he related, purchased 50 feet of land within the city limits, at \$30 a foot, held it for two years while it increased to \$60 a foot, and then built two bungalows at \$3,000 each. He sold the houses and land for \$10,500, realizing a net profit of \$3,000. "If instances of larger gains are desired," concluded Drake (after mentioning another speculator-builder who made a profit of 25 per cent in a few months) "we could cite them."<sup>54/</sup> The high profits hit not only the poor but the middle class, according to the Financial Post, which commented that "throughout Canada the homeseeker of average means, such a one as would purchase a home of about \$5,000, is finding it difficult to get value for his money. The speculative builder is no longer content with a moderate profit on the work of building, but looks for from \$500 to \$1,000 in addition...." <sup>55/</sup>

<sup>54/</sup> Frank Drake, "House Building as an Investment," Macleans, (July 1912), 120.

<sup>55/</sup> Financial Post, September 3, 1910.

### Philanthropy at 5 per cent?

Behind slum and shacktown, overcrowding and high rents, lay the unquestioned fact that from Halifax to Vancouver home ownership or adequate housing for low income earners was extraordinarily difficult, and for many absolutely impossible. The muted public awareness of the problem becomes observable by the 1880s, and by the turn of the century was a subject of considerable discussion. Herbert Ames was one of the first to suggest a solution: philanthropy at 5 per cent. Ames sincerely believed that the community had to make possible adequate housing for the industrial proletariat on whose backs Ames the manufacturer realized lay the industrial future. "We cannot interfere with the inscrutable law of supply and demand to raise the workingman's wages," he wrote, for even if "the pittance for which many toilers slave is far from sufficient or right" the wages of the working class "will ever rest at the mark just above the requirements of absolute subsistence."<sup>56/</sup> The answer to the problem lay in legislation to outlaw the worst building abuses such as the rear tenement and the outdoor privy, and philanthropy at 5 per cent:

I am not an advocate for experiments in housing and lodging on the part of our civic authorities. They have no right to take chances with the peoples' money. But here the philanthrope may well step in, and even at the risk of investing a few thousands at a comparatively low rate of remuneration, it is his privilege to show what can be done, and by experience to learn how

<sup>56/</sup> Ames, *City Below the Hill*, 114.

best to do it. Every sanitary dwelling erected empties a rookery. There is a general moving up all along the line. Not only those who occupy, but a whole neighborhood, is benefited whenever a model dwelling is built therein.... 57/

Ames himself practiced what he preached. He purchased some land on William Street for 80 cents a foot on which he built "four blocks of buildings, containing homes of varying size and rental, for 39 families, with a grocery store upon the corner where no liquor is sold." The buildings were brick, with indoor plumbing and janitor service. With rents ranging from \$6 to \$12 a month, Ames believed "that this undertaking when once fairly running will yield 5 per cent on the investment, it has already yielded much by way of satisfaction." 58/

But there were few practitioners of philanthropy at 5 per cent, in Montreal or anywhere else.

The problem had soon become acute in the major industrial cities such as Hamilton. As early as 1902 the Labour Gazette reported that a syndicate was being formed in Hamilton to build 250 houses, a quarter of the number necessary because of the establishment of such major companies as International Harvester and Otis Elevator.<sup>59/</sup>

Three years later there were 8,000 people in Hamilton unable to buy or rent homes, and the Westinghouse Company announced that it intended

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57/ Ibid., 107-8.

58/ Ibid., 112-3.

59/ Labour Gazette, November 1902, 304.

to construct dwellings for its employees.<sup>60/</sup> By 1907 the Labour Gazette reported that F. W. Bird, papermakers, intended to build, and that International Harvester had built houses for its employees.<sup>61/</sup> An official of International Harvester stated that he would guarantee a return of 20 per cent on an investment of \$200,000 in working class housing in Hamilton East and promised that 200 homes could be sold in six months.<sup>62/</sup> While the Board of Trade and City Council did little but express their concern, the demand, perhaps lessened by the slump, appeared to have been met. The year 1907 was exceptional for residential construction, and by late 1908 the Labour Gazette reported that "The demand for dwelling houses appears to have been more than met, as many 'To Let' notices are displayed throughout the city. Rents are slightly lower than at this date last year, and the vacant houses are mostly of the high-priced sort."<sup>63/</sup> However, vacancies in above-average priced homes and a shortage of working class housing was a common feature of the period. Moreover, some of the demand at least was met by the rise of a shacktown. The Canadian Architect observed that some of the 500 houses built were frame houses built by the working men themselves, that contractors were "doing a lot of cheap speculating in this direction," and that the shacks built in

<sup>60/</sup> Ibid., September 1905, 261.

<sup>61/</sup> Ibid., September 1907, 271. International apparently had built 150 houses.

<sup>62/</sup> CAB, May 1907.

<sup>63/</sup> Labour Gazette, December 1908, 575.

flimsy cedar posts proliferating on the outskirts of the city were renting for \$10 to \$12 a month.<sup>64/</sup>

The impact of industrialization on Toronto was much less than on Hamilton. Yet by the end of 1904 the Canadian Architect stated that with the approach of winter the "housing question has.... become more acutely felt to be a serious matter.... Homes are made in stables, sheds, old street cars, tar-paper shacks etc; all duly visited by a local reporter with the freedom of a friend of the family.... The occasion has roused Mr. Goldwin Smith to try to organize a joint-stock company to build workmen's houses and rent them on the basis of a fair profit for the capital investment. This is a large-minded and truly philanthropic scheme.... It is to be hoped that this scheme will work without failure, and also - as the need for it is pressing - without delay." <sup>65/</sup> Tired of talk, Goldwin Smith had purchased land enough for 30 houses in the east end and formed the Artisans Dwelling Company in 1904.<sup>66/</sup> Frank Walsh, of the Associated Charities, was sent to England on a fact-finding mission, and on his return plans were drawn for 50 cottages. The company received a tender at \$1,185 each, a sum which the company felt could return a reasonable rental profit of 5-6 per cent. The scheme fell through, however, apparently because of labour problems at the time

<sup>64/</sup> CAB, May 1907.

<sup>65/</sup> Ibid., December 1904.

<sup>66/</sup> Ibid., November 1904.

and "a consequent fear on the part of some of the promoters that they might possibly be playing into the hands of the labour unions."<sup>67/</sup>

By then the matter was sufficiently serious to warrant mention in the mayor's 1905 inaugural. "One of the problems, owing to the rapidly increasing population of our City, is that of the dwelling house," observed Mayor Thomas Urquhart, "and I am pleased to see that private enterprise is endeavouring to alleviate in some measure the present necessity.... If private enterprise does not supply this need in the very near future, it may become necessary for the City to consider the question of house accommodation, and seek for legislation which will enable us to utilize some of our lands for the purpose of erecting houses of moderate size and at a moderate rental, for the accommodation of those who cannot afford to occupy the larger and more expensive houses."<sup>68/</sup>

But it became increasingly clear that private enterprise was not going to provide the needed accommodation for the 15,000 additional factory workers who had moved into the city between 1904 and 1906, and as rents increased and the number of working class houses fell far short of the demand, pressure grew for some form of municipal intervention. By the end of October 1906 the Board of Control authorized a study of British practice, and at a press conference Mayor Coatsworth stated that "a comprehensive scheme should be entered

<sup>67/</sup> Globe, December 15, 1906.

<sup>68/</sup> Toronto City Council Minutes 1905, Appendix 2.

upon at once either by the municipality or private corporations, or persons, to secure for the workingmen good and comfortable houses, not too far away, at prices or rents which will bring them within the reach of all. The cost of a workingman's house to buy should not be more than from \$1,000 to \$2,000 and to rent from \$10 to \$15 a month."<sup>69/</sup> The Globe, firmly adhering to the laissez-faire principles that had marked its history and seeing in municipal housing still another source of municipal jobbery and corruption, vehemently opposed any state intervention. But in so doing it struck sharply at the dilemma faced by a city which entreated every domestic or foreign firm to locate there, partly on the grounds that there was a good labour supply:

There is a growing demand that the City Council take hold of the housing problem and devise some means of dealing with the present truly oppressive house famine. But this is not attended by any relaxation in the popular eagerness to coax, entice, or drag every available industry and line of business to Toronto, and thus aggravate the evil. The distress of the present situation is due to a stubborn refusal to pay the penalty of growth. It is a heavy penalty and our resistances does us credit, but it will be of no avail. The blessings of a home are many, and their value cannot be expressed in terms of commerce. A city of homes would be, indeed, fortunate above other cities. But if we insist on growth we must give up the hope of remaining a city of homes. They as a general or common possession must become a mathematical as well as an economical impossibility. Every accession loosens the space

<sup>69/</sup> Canadian Annual Review, 1906, 245.



available for each, thus making the maintenance of a home a more difficult problem from a purely mathematical standpoint. It also multiplies the price that can be obtained for space, thus increasing the economic difficulties and finally making them insurmountable, except for the specially fortunate. It is useless to cry for the impossible either to the City Council or the philanthropic investor. Men of enterprise are not building homes because it no longer pays. This is another way of saying that our growth has reached the point at which the ordinary productive worker can no longer afford a home. As soon as people relinquish the hope and consent to crowd into flats and tenements the consequent multiplying of the returns from such structures will promote building operations to the full extent of the demand. Homes are scarce not through a lack of enterprise, but through the business acumen that perceives the inability of the ordinary man to pay for them. So soon as the average citizen becomes reconciled to paying for a flat or a few rooms what he is now able and willing to pay for a home these habitations will appear in abundance.

Toronto, owing to a favorable situation and a few lucky accidents of development, has escaped the passing of the home sufficiently long to be known as the city of homes, a distinction unfortunately unusual, but none the less to be prized. This good fortune seems to have given the impression that, as in the case of children, drunken men, and sailors, Providence has some special dispensation for this city. But we must soon learn that we cannot defy the laws of mathematics or of economics. We cannot have growth without paying the price. We cannot crowd into one community a quarter of a million people with the varied industries and interests essential to their maintenance, and retain the blessings of home life. This is anything but a plea for the flat and the tenement. It is a frank acknowledgment of what we are still striving to make a necessity.... 70/

Mayor and aldermen met with officials of the advisory committee of the Trades and Labour Council early in December, but the result was indefinite.<sup>71/</sup> On December 26 the Toronto District TLC established a permanent committee on housing, and in February 1907 the Canadian Manufacturers Association held a dinner to hear the presentation of a scheme to build 1,000 workingmen's homes. Presented by Thomas Roden, the proposition was to form a company with one million dollar capitalization (25 per cent paid up and \$885,000 in debentures) to construct 1,000 houses at \$1,200 each. Each manufacturer would secure one house for every \$1,000 he invested and the employees would buy a house for \$100 down and \$16 a month for 12 years. There was a good response and some volunteer provisional directors were

<sup>71/</sup> Ibid., December 10, 1906. The Globe continued to battle state intervention, and to analyze the dilemma. "There is no necessity for entangling the city in this business either by guaranteeing bonds or by constructing and renting houses for workingmen. Private enterprise will furnish these houses as soon as there is a commercial demand for them, just as it has been furnishing the higher grade of apartment houses. A commercial demand means a number of people willing to pay the price, and it is the price that has advanced. In a village or town a mechanic in steady employment has his parlor, dining-room, kitchen and hall, with four or five bedrooms, a grass plot, and perhaps a garden. In a city he must surrender these. That is the penalty of growth. The home must give place to the apartment. The working classes in Toronto are struggling against the change. When they surrender to the inevitable result of crowding, and become willing to pay for apartments the price of homes, the apartments will be built. The truth may seem harsh and unpalatable, but it must be faced. People must pay more and more for space as it grows scarcer, employers must pay city wages to enable their workmen to live in a city, and pay the price of space. Some may find it doubly profitable to embark in apartment house enterprises...." (December 11, 1906) .

selected, but nothing apparently came of it.<sup>72/</sup>

Despite striking increases in residential construction, the spread of slums and shacklands alarmed the medical health officer in 1911. "No greater boon could be conferred upon the people by our philanthropically-disposed business men than an investment in vacant land to be utilized for the erection of houses to be disposed of on a partnership basis to those of modest means," said the mayor in 1911. City Council again established a committee to study and report.<sup>73/</sup>

In 1911 the Toronto Civic Guild sponsored a housing study under Professor Edward Kylie, and then participated in a joint committee with the Canadian Manufacturers Association and the Board of Trade. The result was the formation of the Toronto Housing Company in May 1912 with Frank Beer, financier and municipal expert as president,

<sup>72/</sup>

Ibid., February 22, 1907. The Financial Post, (November 22, 1913) carried the following report from Montreal "The City of Maisonneuve at a recent meeting of its Council endorsed the idea of building sanitary houses for the working people. Private companies will be given financial aid and in the event of private companies not undertaking this work, the City may itself build a number of working men's houses."

<sup>73/</sup>

Toronto City Council Minutes 1911, Appendix 2. At the same time other branches of city government were compounding the problem. In a brochure published in 1914 the Toronto Harbour Commissioners attempted to seduce manufacturers with the prospect of a plentiful and happy labour supply. "Lying immediately to the north of the district and within five to ten minutes walk is a section of the City densely populated by a class of cheap labour. To the north of this section and still within fifteen to twenty minutes walk is a district occupied by a better class of labour, including artisans of various kinds, and also a large market from which can be drawn all classes of female help...." And to the north and out of the Beaches were fine residential areas where the owners, and managers could find pleasant homes. A District Created for Manufacturers, Toronto Harbour Commissioners, 1914, 19.

and J. W. Flavelle, Z. A. Lash, Sir John Willison and Sir E. B. Osler among the prominent shareholders. With the Toronto élite involved it was not difficult to catch the ear of the provincial government, which in 1913 passed the Hanna Act. Where the private sector was not providing adequate housing the "Act to encourage housing accommodation in cities and towns," permitted a city to guarantee bonds to the value of 85 per cent of the value of lands and houses of a housing company which in turn was empowered only to build houses for rent at moderate rates and could not issue dividends over 6 per cent. As soon as the legislation passed the Toronto Housing Company secured a bond guarantee of \$850,000 and sold shares to 166 shareholders for \$100,000.

By the end of 1913 the company had completed 204 apartments in self-contained cottage flats on Bain Avenue at \$445,000, 38 apartments on Spruce Street for \$64,000, and had acquired three large additional parcels of land in the east end. Rents ranged from \$19 to \$39 - above the means of low income earners but under the average rent of \$25 paid by men making \$15 a week.<sup>74/</sup> Anticipating criticism that the company was not materially assisting low income earners, the president pointed out in his report for 1913 that the object of the company "was not to rehouse the slums, nor was it meant to meet the demand of any class for housing accommodation; it was to seek a solution for the whole housing problem. Two things were deemed essential -

<sup>74/</sup> Toronto Archives, T. Bradshaw, City Treasurer, to Mayor Tommy Church, July 13, 1918.

a constructive undertaking in Toronto and a nation-wide propaganda for better housing." It was not its object, he said, "nor is it financially possible for the Company, to meet the existing demand for small houses.... Our company being conducted upon strictly business principles, private enterprise is not prevented from finding profitable investment upon similar lines."<sup>75/</sup>

Not surprisingly the pre-war years saw the beginning of the urban reform movement.<sup>76/</sup> The impetus came initially from health officers, whose repeated investigations of the dangers of slum conditions supported by high disease rates were incontestable. Most cities attempted to tighten sanitation and building regulations, and achieved such notable accomplishments as the virtual abolition of

<sup>75/</sup> "Better Housing in Canada: The Ontario Plan," First Annual Report of Toronto Housing Co. Ltd., 1913, 13, 19. The Company carried on and paid its dividends until 1936, when it defaulted. By 1942 the city had paid \$90,500 on the bonds. In 1973 the city's committee on Urban Renewal and Housing, became involved in a Landlord-Tenant dispute between the Toronto Housing Company and the Bain Apartments Tenants' Association. The committee reported Eric Arthur as saying of the apartments: "they still have many things to teach anyone involved in low-rental housing, and its standards are the more remarkable because it was built before any legislation governing housing existed in Canada. When I was teaching, I used to take my students here, and they were astonished. They would ask, 'then we have not learned anything at all about public housing in the past 50 years?' Unfortunately it was too true." Toronto City Council, Committee on Urban Renewal, Housing, Fire and Legislation, Report No. 11, 1973, 5. Following the recommendation of the city executive council in 1974 the apartments were sold to the tenants to be run as a co-op.

<sup>76/</sup> See Paul Rutherford, "Tomorrow's Metropolis: The Urban Reform Movement in Canada 1880-1920," Canadian Historical Association Annual Report, 1971, 203-223.

the outdoor privy in the heart of most cities, though by no means on the outskirts. Sewage, water, sanitation, and lighting all underwent considerable improvement. Many cities also turned to the larger problem of urban development and town planning. Reform groups emerged in some cities; the federal Commission of Conservation spearheaded a drive for municipal and provincial legislation; and Alberta, Nova Scotia, New Brunswick and Ontario had passed embryonic town planning legislation and others had legislation under consideration.<sup>77/</sup> Yet as A. E. Grauer concluded in his study of housing for the Rowell-Sirois Report: "Speculative activity in combination with the pressure of industrial firms seeking suitable location in urban centres, prevented the enforcement of any effective town-planning regulations. Paper schemes of zoning and the ambitious town plans of early real estate companies broke down in the face of the dominant drive to secure maximum returns from real estate investments and to encourage further building as a means of broadening the tax base."<sup>78/</sup>

In some ways the Canadian housing problem before 1914 was a frontier problem, for boom town was the product of the same heady

<sup>77/</sup> The urban reform movement was spearheaded by Thomas Adams, a British expert recruited as the town planning adviser to the Commission on Conservation. See the reports of the Commission and Thomas Adams, *Town Planning, Housing and Public Health*, Commission on Conservation, 1916, 116-136, and his classic *Rural Planning and Development: A Study of Rural Conditions and Problems in Canada*, (Ottawa 1917).

<sup>78/</sup> A. E. Grauer, *Housing, A Study prepared for the Royal Commission on Dominion-Provincial Relations*, (Ottawa 1939), 33.

expansion, the same wave of moving rootless people seeking to exploit employment opportunities - this time in industry, commerce or transportation - that had created the frontiers of forest or farm. Toronto Junction, Maisonneuve, and Winnipeg's North End, were as much frontier towns as Moose Jaw, Cobalt and Ocean Falls. Everywhere there was a large floating population, uncertain whether it was the time and place to plant roots. Among some migrants and immigrants, overcrowding simply reflected the determination to accumulate savings and move on, but for many high rents and home ownership costs placed adequate housing beyond their means. Municipal governments, however long established, shared the frontier philosophy. Every city was the last best west as it attempted to outbid its rivals with cash bonuses, tax exemptions and a guaranteed cheap labour force to attract Canadian and, above all, American industrial capital. The future was mortgaged to provide utilities, but not, for example to build the thousand new houses needed to accommodate the labour needed by International Harvester, Deering, Otis Elevator and Sawyer-Massey attracted to Hamilton by the city's generous inducements. The elixir salesmen of the urban frontier were not only the municipal governments, but the land speculator and developer. No subdivision was too distant, no lot too expensive, no home too shoddy to deserve the most lurid advertisement. And each transaction - from owner to speculator(s) to developer to builder to owner - increased the cost of land and home to the point where hundreds of thousands echoed the earlier lament that it would take "a thousand years" to own a home in the city of Toronto.

## THE SEARCH FOR A SOLUTION 1914-1974

With the enormous increase in population and the pressure on the supply of materials and labour the achievements of the Canadian house-building industry in the boom years were remarkable. Nevertheless, the housing problem had been more clearly perceived than ever before, and the major urban centres were beginning to attempt to deal with the problems posed by the inadequate supply of low cost housing. Tighter health regulations and building restrictions certainly protected the tenant against the unscrupulous landlord and even against his own parsimony, but they did nothing to lower the cost of housing. All the discussion of co-operative ventures, employer-built housing, and government assistance for low cost housing had yielded few results, although there seemed to be a growing realization that the free market system would not put cheap but adequate housing on the market.

### War and its aftermath

The first world war dramatically compounded the housing problem. The overall building permit records from 35 cities reveal that urban building from 1915 to 1918 inclusive was less than in 1913 alone. The decline in residential construction was even more dramatic, and house building virtually vanished as the costs of construction and the shortage of labour and materials increased after 1915. Steele concludes



that only 56,900 non-farm units were built between 1915 and 1918, 500 less than were built in the single year 1913. In urban Quebec by 1918 starts had fallen to less than a third of the 1914 level, and in Montreal housing probably led the way in the decline in the value of permits issued from \$29.8 million in 1913 to \$4.9 million in 1918.<sup>1/</sup> The number of new housing permits issued in Toronto averaged 5,000 between 1910 and 1914, but fell to 832 in 1915, 657 in 1916, and 926 in 1917.<sup>2/</sup> Between 1910 and 1914 the 28,000 marriages in Toronto only slightly exceeded the 25,000 new housing permits, but from 1915 to the end of 1917 there were 16,000 marriages and only 2,415 permits for new construction. Moreover, the same years saw hundred of homes condemned, while construction of the new hospital, Eatons, and the Canadian Northern facilities led to the demolition of over 300 homes.<sup>3/</sup> Indeed, the assessment rolls reveal that the stock of single family dwellings in Toronto increased by only 1,233 in the three years from 1916 to 1918.<sup>4/</sup>

In most Canadian cities low vacancy rates, soaring rents, and continued overcrowding all pointed to the existence of a serious housing problem as the war neared an end.<sup>5/</sup> With the demobilization

<sup>1/</sup> Steele, "Residential Construction in Canada," 67-71.

<sup>2/</sup> City of Toronto, Report of Housing Commission, December 1918, 3.

<sup>3/</sup> Ibid., 4.

<sup>4/</sup> Report on Housing for the City of Toronto, June 23, 1942, 3.

<sup>5/</sup> The most serious war time shortage, of course, was in Halifax where 750 families had to be rehoused after the December 6, 1917 explosion. For an excellent account of the reconstruction see G. A. Ross, "The Halifax Disaster and the Rehousing," Construction, XII, 1919, 293-307.

of 600,000 men and women, it took little foresight to anticipate a social crisis after the war. Yet pitifully little had been done.

Pressure from the Veterans' Association, the Board of Trade, the Canadian Manufacturers' Association and organized labour led the Ontario government to issue an order-in-council on June 7, 1918 creating the Ontario Housing Committee "to enquire into and report upon the housing situation, and to make such suggestions and recommendations...."<sup>6/</sup> In a circular letter to all urban municipalities in the province, the hastily created committee stated that in "the public interest it is highly desirable that the fullest possible information be obtained.... with a view to suggesting immediate remedies to meet the present crisis, as well as arriving at definite conclusions in respect of a permanent policy for the future."<sup>7/</sup> Before the reports were in, amply documenting the current shortage and impending crisis, Premier Hearst established a \$2,000,000 loan fund for the committee to be given at 5 per cent to municipalities that agreed to add 25 per

<sup>6/</sup> The executive committee of the CMA reported in July 1918 that "the working class housing conditions in the industrial sections of Canadian cities were far from satisfactory before the war, but in the last three years they have been growing steadily worse." Thomas Roden of Toronto added "it was that condition that brought about the downfall of Russia, the indifference of the guiding classes to these conditions." (Industrial Canada, July 1918.) The spectre of Bolshevism, and apparently the realization that the private sector was not likely to provide a solution, led the CMA to conclude: "Private enterprise seems unable if not unwilling to shoulder the risk and expense of erecting enough houses to fill the present need and, in the emergency, the Government itself should do something to solve the problem." (Industrial Canada, June 1918.)

<sup>7/</sup> Report of the Ontario Housing Committee, (Toronto 1919), 11.

cent to be loaned to builders.<sup>8/</sup> In a letter to the committee he made it clear, however, that the assistance "is only intended as a temporary one to assist in meeting the pressing emergency - and must not be considered as an admission of responsibility on the part of the Province, or in any way relieving the Federal government, municipalities, employers of labour, and citizens generally from whatever obligations may rest upon them to provide a satisfactory solution of the whole question."<sup>9/</sup>

Following the Premier's lead the committee appealed to the federal government, and provided an excellent analysis of the housing problem:

After three months of study the Housing Committee has arrived at the conclusion that the problem as it affects Ontario can be solved only by co-operation with the Federal authorities. The need is chiefly for inexpensive houses for urban and rural labour. The war and federal action resulting from the war is mainly

<sup>8/</sup> Canadian Annual Review, 1919, 638.

<sup>9/</sup> Hearst's letter was a masterpiece of evasion for he continued: "In so far as the present situation has been brought about by the war, it might be considered a war problem, and that its solution, along with other war problems rested with the Federal Government. It has also been argued with much force that so far as it is not a war problem, it is largely, if not entirely, an industrial and national one, and that so far as public credit might be required to meet the situation, the responsibility rested with the Dominion Government. The force of this contention is strengthened by the position the Minister of Finance has been called upon to take in controlling the bond flotations of Provincial Governments and municipalities.

I pointed out when the Committee, of which you are head, was formed, apart from whatever responsibility may rest upon the Federal Government, in my opinion the matter is largely a municipal one." Report of Ontario Housing Committee, 25-26. In 1918, at least, the government of Ontario had no desire to claim housing among its responsibilities.

responsible for the diversion of private capital from the building of inexpensive houses. National savings have been largely invested in war bonds, so that money has not been available for six per cent housing enterprises, as provided for under the Ontario Housing Accommodation Act of 1913. The speculative builder also has been drawn into more remunerative and safer lines of investment, being frightened by the high cost of materials and labour, and the fear that the end of the war might leave him with property on his hands which would decline in value. It has always been difficult to get capital for the building of houses of a less expensive type. This difficulty has been greatly increased during the war. The shortage of sanitary and comfortable small houses in which a thrifty workman can afford to live and bring up his family is general, and in some urban centres, serious. In many places it has become practically impossible to rent such houses at reasonable rates, and difficult even to purchase them at the present enhanced prices....

Under present conditions the builder cannot be expected to build for rental, and the workman should not be asked to buy. A conservative estimate of the increase in cost of a workman's house over pre-war prices would be from \$500 to \$800. No workman should be compelled to undertake such a burden. Its weight can be appreciated when it is remembered what a large proportion of the average savings of a whole lifetime such a sum would mean....

The housing problem is partly one of the shifting of industrial population. In the period of reconstruction the Federal Government being concerned with industry, trade and commerce, with immigration and colonization, to a very large extent will determine where new houses will be needed. It can hardly be considered a wise policy for the future to stimulate either land settlement or industrial expansion without concern for the welfare of those whose contribution to reconstruction will largely depend on the character of their homes.

The return of our soldiers from the war will cause a demand for many thousands of houses. Our investigations indicate that these houses are not available....

During the past fifty years there has been a

growing recognition of the final responsibility of the State for the housing of its people. This idea has found definite acceptance in all progressive countries as a result of the conditions produced by the present war....

For these reasons, and recognizing that the Province and the municipalities required the co-operation of the Dominion to finance and direct a housing policy which will bring Canada into line with other progressive countries, enable us to attract the better type of immigrants, permit us to retain such immigrants and our own more ambitious workmen, and make the homes of Canada fit places for the production of a vigorous, intelligent and contented people, the Ontario Housing Committee respectfully recommends.... 10/

Complaints of inadequate housing and spiralling rents were a common feature of the labour unrest that swept Canada in 1918-19 as workers attempted to secure higher wages to match the escalating cost of living. In April 1919 the federal government appointed a Royal Commission, headed by Mr. Justice Mathers, to examine the social and industrial unrest across the country. Witnesses before the Commission, employer and employee, repeatedly cited the housing shortage and high rents as a cause of unrest, and in its report the Commissioner underlined the importance of the housing question to social and political tranquility.<sup>11/</sup>

<sup>10/</sup> Ibid., 26-28.

<sup>11/</sup> The Report observed "Another cause of unrest which we met with at practically every place we visited was the scarcity of houses and the poor quality of some of those which did exist. In nothing has production more signally fallen off during the four years of war than in the building of dwelling houses. The existing condition of the worker is not only the absence of sufficient housing accommodation, but the inadequacy of those that are in existence. Poor sanitary conditions and insufficient rooms are the chief cause of complaint. The high

Meanwhile the housing problem had been discussed at the 1918 federal-provincial conference, where neither party was anxious to accept responsibility. And in November 1918 the founding meeting of what was to become the Canadian Construction Association (CCA) urged the federal government to move at once into the housing field "with a view to providing proper accommodation for industrial workers and eliminating slum districts in large centres."<sup>12/</sup> While the federal government maintained that housing was a provincial responsibility, the CCA maintained that "it is a matter in which the federal government could take an active part and, at least, directly influence them, and if they do proceed with some of the housing operations now in contemplation, that it would provide employment for a great many men getting out of munition factories and help the building industry generally."<sup>13/</sup> With additional strong pressure from Toronto, Montreal and Winnipeg, and from the province of Ontario at least, as well as the determination to offset an anticipated postwar recession, the

price of building land and of building material have made it impossible for the worker to provide himself with a home, and some means should be adopted, with as little delay as possible, to remedy this defect." Report of the Royal Commission to Inquire into and Report Upon Industrial Relations in Canada, (Ottawa 1919), 13. Printed in Labour Gazette, July 1919.

<sup>12/</sup> CCA Files, Proceedings of the First Conference of the Association of Canadian Building and Construction Industries, Ottawa, November 1927-28, 1918, 30. The CCA was initially called the Association of Canadian Building and Construction Industries. We will call it the Canadian Construction Association (CCA) throughout however.

<sup>13/</sup> Ibid.

federal government announced its bold new venture in December 1919.

Ottawa's entry into the housing field was conceived by a cabinet committee, aided by Thomas Adams of the Commission of Conservation. The scheme authorized the federal government to loan \$25 million to the provinces on the basis of a 25 per cent participation, the province in turn making loans to the municipalities. The loan fund was drawn on as follows:

P.E.I.	\$ 50,000	Ontario	\$9,350,000
N.S.	1,537,000	Manitoba	1,975,000
N.B.	1,525,000	Sask.-Alta.	
Quebec	7,369,000	B.C.	1,701,000

A total of 6,244 houses were built before the programme ended in 1923.

J. Clarke Reilly, manager of the Canadian Construction Association, told the Commons Committee on Housing in 1935 that the programme "was not specially designed for any particular case - to relieve slum housing or to provide low cost housing. There was simply thought to be a scarcity of housing for people, and this scheme was worked out as a sort of garden scheme, putting up a housing scheme at a certain rate."<sup>14/</sup> Unquestionably it was a fast response to an urgent problem, rather than a conscious and deliberate policy decision. As Grauer observed, the results were what might have been expected:

The housing scheme of 1919 was launched before adequate machinery and techniques of administration had been developed. Dependence was placed upon the municipal organization and, except in Winnipeg, the commissions established to supervise the housing programme were in the main negligent and inefficient. They were made

<sup>14/</sup> Special Committee on Housing, 73.

up of non-paid members with little or no previous experience in this type of work who do not seem to have taken their task very seriously. But it is questionable whether, even with efficient management, the scheme of 1919 would have been successful. It was launched at a time when prices were at their peak so that investors in the houses financed by the loans found their equity wiped out when prices fell. <sup>15/</sup>

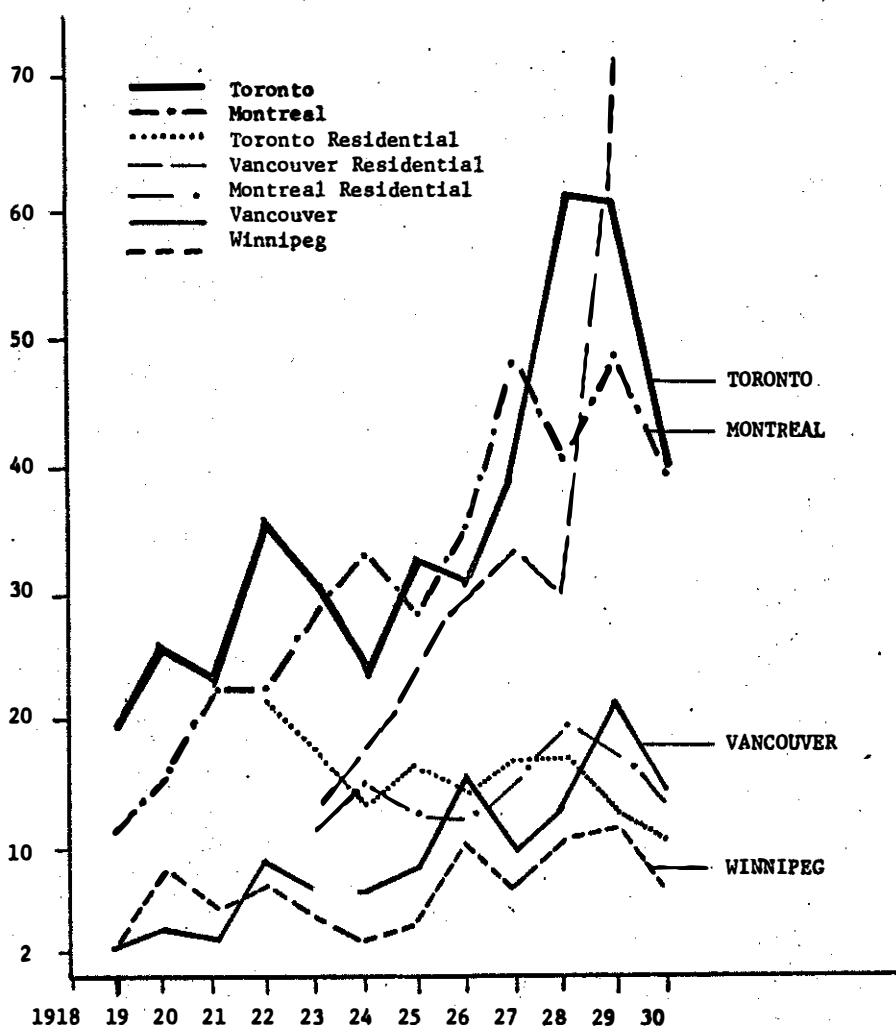
After an initial spurt after the end of the war urban construction generally levelled off or declined in 1920-21, as clients watched wages and the cost of materials rapidly escalating. The Toronto Housing Commissioners, for example, reported that tenders for a house built for \$3,000 in 1919 came in at \$4,485 less than one year later.<sup>16/</sup> Despite a tightening of credit and increase in the interest rate, however, housing construction held up better than most. As the Monetary Times observed in its review of 1920, because of the lack of construction during the war "the pressing popular need for housing still remains, therefore, and there is less prospect of an immediate decline in cost in that essential line than in any other." Yet given the high cost of building, it continued, no one would invest capital in residential construction with any expectation of profit: "Apart from victimizing the insurance companies there is no possibility of rapid turnover in the investment of capital in housing accommodation."

<sup>15/</sup> Grauer, Housing, 37-38.

<sup>16/</sup> An index of building materials increased from 100 in 1899 to 141.1 in 1913, and 379.2 in 1920, with lumber the worst offender. The 1913 to 1920 increases in wages were from \$0.62 to \$1.03 for bricklayers, \$0.43 to \$0.78 for carpenters, \$0.41 to \$0.73½ for painters, and \$0.31 to \$0.52½ for labourers. CCA Files, Proceedings of the Fourth Annual Convention of the Canadian Construction Association, 1922.



CHART I

Urban Building 1919-1930 <sup>17/</sup>

Housing was the only field in Canada "which illustrates the situation which prevails in so many lines in Europe.... in which there is wide-spread and urgent need, but very little economic demand. In other

<sup>17/</sup> All data from municipal building records. The Montreal residential value for 1923 and 1924 where only numbers for logements exist is calculated on the basis of 1925 numbers and value.

words, the needy have no adequate means of payment for the supplies they require."<sup>18/</sup> There in a nutshell was the explanation of much of the Canadian housing problem.

Both Thomas Adams and the Canadian Construction Association agreed that a major problem facing the industry was a shortage of capital. But while Adams suggested that town planning would stabilize investment in real estate and attract capital back into housing, the CCA looked to Ottawa and passed the following resolution:

- a) That the Federal Government form a National Housing Board which shall act as the agent of the Government in investigating and recommending appropriation of money, and making it available through well-established loan companies in the various centres, for loaning to individuals for building houses, making use of the existing machinery of these companies for receiving applications and reporting on the loan, loaning money on mortgages and collecting payments;
- b) that provision be made for an owner to make use of his own labour in constructing his house, and that owners be encouraged to build on their own individual lots; and
- c) that the maximum value of the house on which a loan may be granted be \$8,000... and that loans be made available on duplex and three-flat houses. <sup>19/</sup>

There in one sense lay the embryo of later federal housing legislation, but it was to take depression and war to bring it to birth.

<sup>18/</sup> Monetary Times, January 7, 1921.

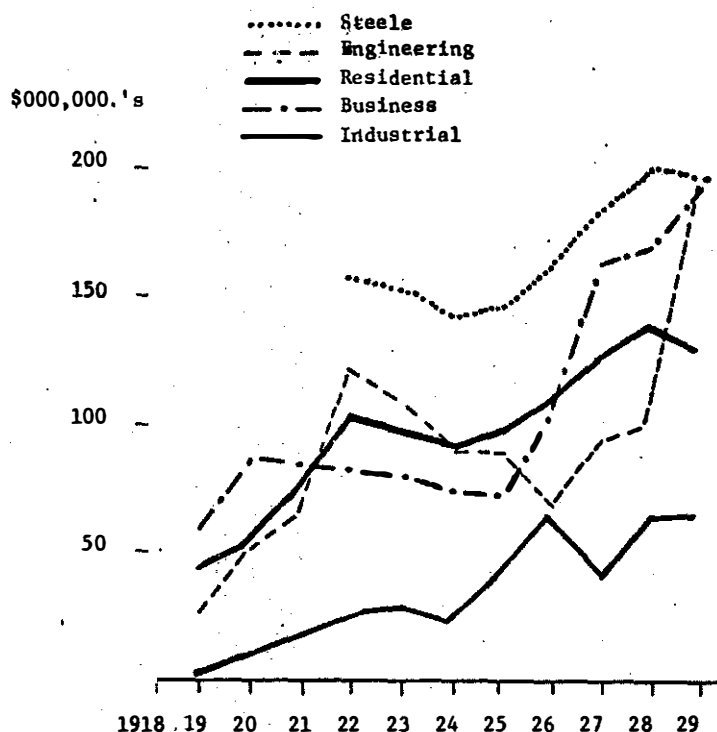
<sup>19/</sup> CCA Files, The Winnipeg Construction Conference, A Preliminary Review of the Proceedings of the Third Annual Convention, January 1921, 5.

## Recovery

Already, however, there was some recovery in residential construction. The value of contracts awarded increased from \$47 million in 1919 to only \$54.9 million a year later. In 1921 they jumped to

CHART II

Contracts Awarded 1919-1929 <sup>20/</sup>



\$76.7 million, however, and to \$104.2 in 1922.<sup>21/</sup>

Despite the stabilization in the cost of materials in 1922 and a gradual levelling off in wages, housing construction appears to have fallen off slightly between 1923 and 1925. After a low in 1924, however, construction increased and, with the cost of materials declining and wage rates stabilizing after 1924,

reached boom proportions between 1926 and 1929. The peak had been

<sup>20/</sup> The Steele line is the estimated value, based in part on residential contracts. "Dwelling Starts," Table A 3.1.

<sup>21/</sup> Despite the 1922 improvement the President of the CCA, J. B. Carswell, lamented that the \$100 million was not built by Association members: "They were built principally by the private owner with the help of a

reached well before the crash brought virtually all construction to a halt. The contracts peaked in 1928 at \$139.2 million, while Professor Steele peaks new starts in 1927. The use of contract figures, from the MacLean Building Reports, are indicative only, and undoubtedly represent less than half residential construction, at least until apartments begin to assume a much larger proportion of units built.<sup>22/</sup>

TABLE I

Contracts Awarded 1919-1929 <sup>23/</sup>

	<u>Residential</u>		<u>Business</u>		<u>Industrial</u>		<u>Engineering</u>		<u>Total</u>
	\$	%	\$	%	\$	%	\$	%	\$
Canada	1071	(29)	1175	(31)	502	(13)	1002	(29)	3750
Maritimes	21	(13)	55	(34)	33	(21)	51	(32)	160
Quebec	342	(28)	339	(28)	188	(16)	339	(28)	1209
Ontario	546	(34)	492	(30)	180	(11)	413	(25)	1631
West	162	(22)	288	(38)	101	(14)	198	(26)	749

The breakdown of contracts awarded provides one picture of construction during the 1920s. Since much residential construction was

good foreman carpenter, by the speculative builder, by the real estate agent who saw a chance in the period of inflated residential prices to make a few dollars - men generally speaking, who although quite responsible in their own regular business, are equally irresponsible in the construction business - men who know nothing and care less for the larger problems which confront this Association...." CCA Files, Fifth Annual Conference, Summary of Proceedings, February 1923, 3.

<sup>22/</sup>For example, in 1922 A. R. Whittemore, Manager of MacLean Building Reports, stated that 1921 was the biggest housebuilding year on record, with 16,000 houses built. Presumably he used contracts as his base. Professor Steele has estimated total starts at 33,900. CCA Files, Proceedings of Fourth Annual Convention, 1922, 6.

<sup>23/</sup>The bracketed figures are the percentage of each category in the province.

not done by contract, the largest investment was clearly in housing.<sup>24/</sup> Ontario led the way in housing construction, contributing 52 per cent of the national total. In both Ontario and Quebec, housing was the largest source of construction investment, while in the maritimes and the west business construction dominated. The \$1,100 million in residential contracts and an additional \$500 million to \$750 million in non contract residential construction built an estimated 450,000 new dwellings.<sup>25/</sup>

The burst of housing construction in the last half of the decade improved the housing population ratio in all parts of Canada except Saskatchewan. The major cities continued to face a housing crisis, however, as those over 100,000 absorbed 42 per cent of the total population increase. In Montreal, where the population of the city grew from 618,000 to 818,000, 41 per cent of the value of all building permits was for residential construction between 1925 and 1929, and 47,922 new dwellings were made available.<sup>26/</sup> In the city of Toronto, which added only 110,000 to its population, over 49 per cent of all new construction was residential between 1919 and 1928, and only 21 per cent commercial. Vancouver's population increased from 163,200

<sup>24/</sup> The Toronto Year Book observed in 1928 that "there is a certain percentage of Toronto residents who let a contract for the construction of their homes.... but the great majority of houses are created by builders and after sold." Cited in Steele, "Dwelling Starts in Canada, 17.

<sup>25/</sup> Ibid., Tables A 3.1 and A 3.2. Her estimated value 1920-29 is 1,575 million computing her values for 1920 and 1921 from 1922 starts-value base. The estimate seems a little low, for it would yield a cost per unit of less than \$3,500.

<sup>26/</sup> Montreal Archives, Ville de Montréal, Statistiques de Construction.

to 246,000 during the decade, and 40 per cent of the \$80 million in permits issued were for housing.

The arrival of the automobile accelerated the movement to the suburbs and the arrival of the apartment as a significant factor in Canadian housing construction helped to offset rising land values and provided both downtown and suburban alternatives to the family home. Although there had been some before the war, apartment construction was a phenomenon of the 1920s.<sup>27/</sup> Between 1923, when MacLeans Building Reports began separating apartments from total residential construction, to the end of 1929 contracts for apartments were 18 per cent of all residential contracts.<sup>28/</sup> Professor Steele has estimated that dwellings in buildings having four or more units were 10 per cent of all urban dwellings, between 1921 and 1929.<sup>29/</sup> The available permit data from Montreal, Toronto and Vancouver may be more accurate. In Vancouver about 30 per cent of the total residential construction between 1926 and 1929 was in apartments.<sup>30/</sup>

<sup>27/</sup>Winnipeg may have been the leader in modern apartment construction. As already noted a large apartment block was built in Winnipeg as early as 1884. A study done in 1969 reported that there were 1,209 apartment units built between 1900 and 1909 and 4,515 units built between 1910 and 1919 still standing. The number of units built in the 1950s was 4,352. It is likely that the earlier figures reflected later conversions. Down-town Winnipeg, The Metropolitan Corporation of Greater Winnipeg - Planning Division, 1969, Table 6.3.

<sup>28/</sup>The total was \$790.9 million of which \$140.5 million was apartments. This was far too high, of course, as presumably 100 per cent of apartments were contracted and probably not much over 50 per cent of houses.

<sup>29/</sup>If dwellings are included in commercial buildings it would be 28 per cent of all urban housing construction. Steele, "Dwelling Starts in Canada," Tables A 3.1, A 3.2.

<sup>30/</sup>Vancouver Building Inspector Records.

Building inspectors records in both Toronto and Montreal, as in Vancouver, show that apartment building increased gradually during the decade. In Montreal apartments represented 14 per cent of the total over the 1923-29 period, but reached 23 per cent in 1928. In Toronto apartment construction was relatively insignificant until 1924, when it approached 10 per cent of the total residential construction. In 1928, however, 45 per cent of the value of residential permits issued were for 117 apartment buildings. The 1931 census states that 14.9 per cent of dwellings in Canada were apartments and flats compared to 2 per cent ten years earlier. The explanation lies not in the dramatic increase in apartments, however, but in the transfer of Quebec flats into the apartment category. By 1931 Quebec had 65 per cent of all apartments and flats in Canada, and 41 per cent of all dwellings in Quebec were apartments and flats.<sup>31/</sup>

There was little public discussion of a Canadian housing problem

<sup>31/</sup> Greenway, *Housing in Canada*, 146. There were 338,157 apartments in Canada. Ontario had 57,637 and Manitoba and New Brunswick over 12,000 each. The following is a breakdown according to city: Winnipeg, 10,361; Vancouver, 10,375; Toronto, 20,881; Montreal, 147,347 and Ottawa, 6,354. Steele offers the following explanation of the apartment boom in the late '20s. "Most striking, perhaps, is the substantial importance of the demographic variable change in expected renter households: the boom in apartment building which got underway in 1926 was, according to our results, virtually entirely the result of the large increase in the population in age groups with a high propensity to rent. The boom ended and building fell off precipitously as the net increases in these age groups started falling off, real rents rose, and the stock market declined. The slow gentle expansion, after 1933, unlike the boom of the twenties, was generated by the rising profitability of apartment construction. By 1937, the population structure was also giving apartment starts a boost, but this was only temporary and the expansion was over by 1940." "Dwelling Starts in Canada," 91.

TABLE II  
Aspects of Urban Housing 1931

	<u>% Homes</u>	<u>% Apartments</u>	<u>% Owned</u>	<u>% Value of Owned Homes</u>		<u>Annual Earnings per Person</u>	<u>% Income for Rent</u>	<u>Rooms per Person</u>
				<u>(a) - \$2,000</u>	<u>(b) + \$5,000</u>			
Halifax	66.6	28.6	35.2	13.5	38.2	\$ 366	22.95	1.23
Saint John	21.1	77.8	23.5	25.5	33.2		20.5	1.43
Quebec	33.1	62.	25.3	10.5	55.1		22.2	1.10
Montreal	10.9	86.	14.9	11.8	51.	375	21.9	1.18
Three Rivers	37.4	55.1	27.7	13.1	43.4	266	19.5	1.04
Ottawa	63.8	23.	35.2	10.5	55.		23.2	1.48
Toronto	77.1	13.9	46.4	1.9	57.3	516	30.2	1.41
Hamilton	83.7	12.1	48.	10.1	32.7	371	26.4	1.41
London	90.8	7.9	55.4	9.9	29.2		25	1.64
Winnipeg	75.8	21.3	47.	10.6	35.5	435	28.2	1.19
Regina	82.4	16.1	50.3	17.4	42.4	433	28.9	1.12
Calgary	81.9	16.2	51.7	16.2	31.8	444	27.	1.25
Vancouver	81.1	16.9	51.	19.6	22.6	419	26.8	1.30
Victoria	80.9	15.2	46.9	19.1	19.5	409	21.6	1.53
Canada	82.8	14.9	60.5	26.3	28.5			1.27

during the late 1920s. Construction appeared to keep pace with the overall demand for houses, while the growing proportion of apartments helped to keep the unit costs down.<sup>32/</sup> However, despite the great prosperity of the late '20s and the reasonable vacancy rates for housing,<sup>33/</sup> the census of 1931 was to unveil a housing situation among low income Canadians that could not be attributed to the depression, then just beginning to have a major impact on Canadian life.<sup>34/</sup> On the whole Canadians were much better housed than they had ever been before. Almost all of the homes in rural Canada were single family dwellings, and in urban Canada over 70 per cent were single family or semi-detached. Yet in urban Quebec the vast majority lived in flats. The

<sup>32/</sup> A. E. Safarian, *The Canadian Economy in the Great Depression*, (Toronto 1959), 33-35.

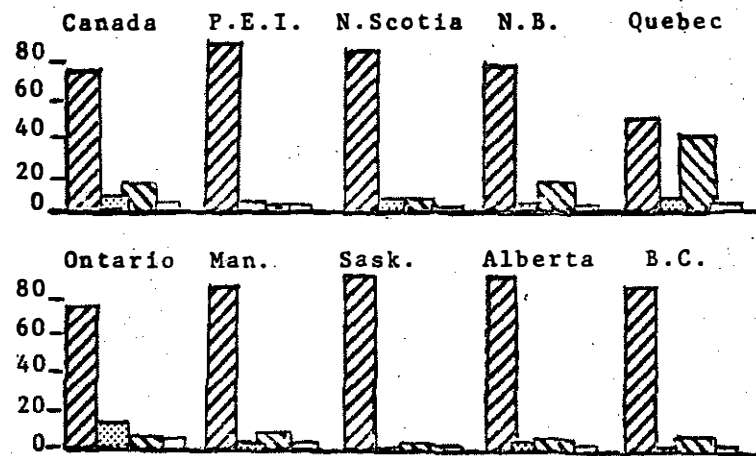
<sup>33/</sup> The vacancy rate was 4.7 per cent in 1929. Ibid., 34.

<sup>34/</sup> See Greenway, *Housing in Canada* from which Table II, Charts III and IV are taken.

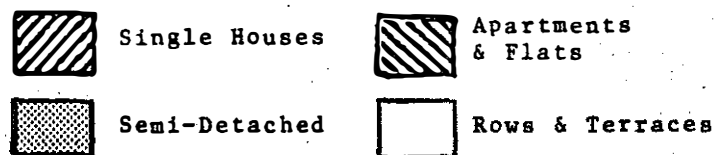
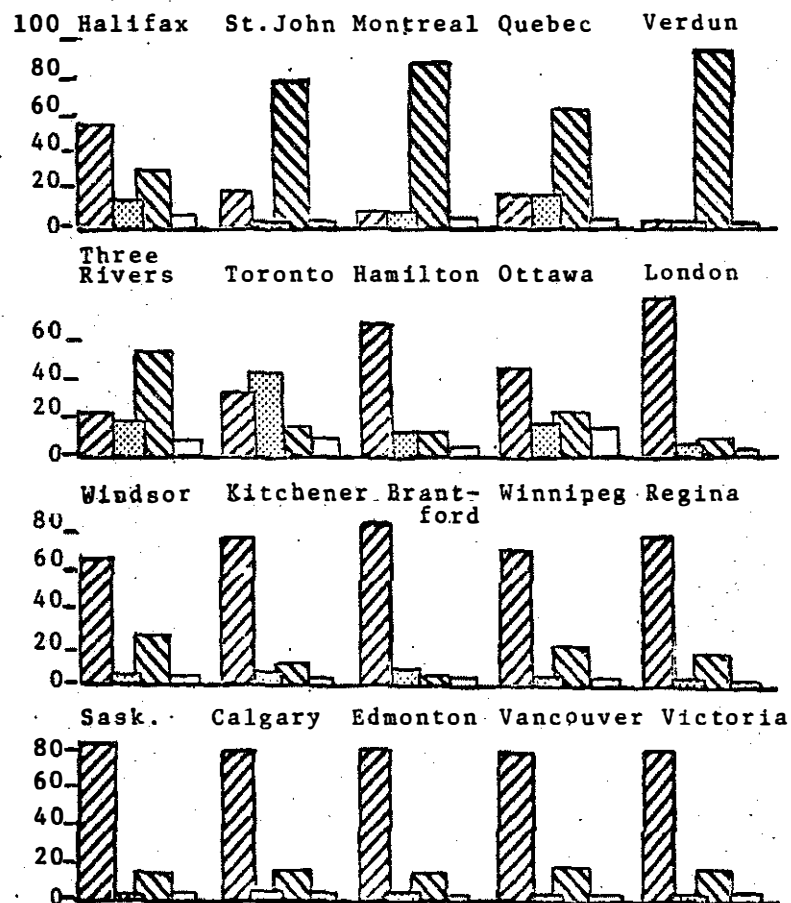


# HOUSEHOLDS BY TYPE OF DWELLING 1931

## CANADA AND THE PROVINCES



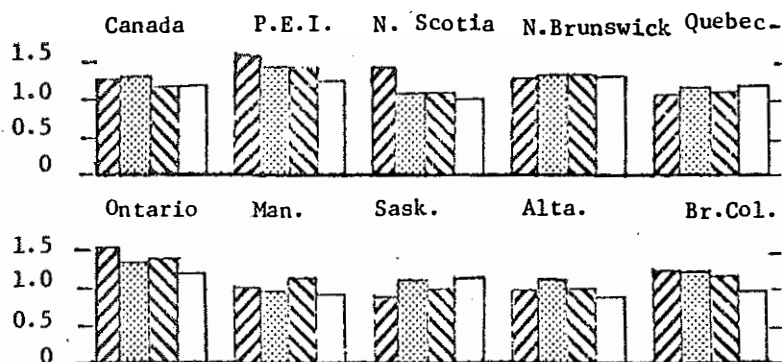
## CITIES OVER 30,000



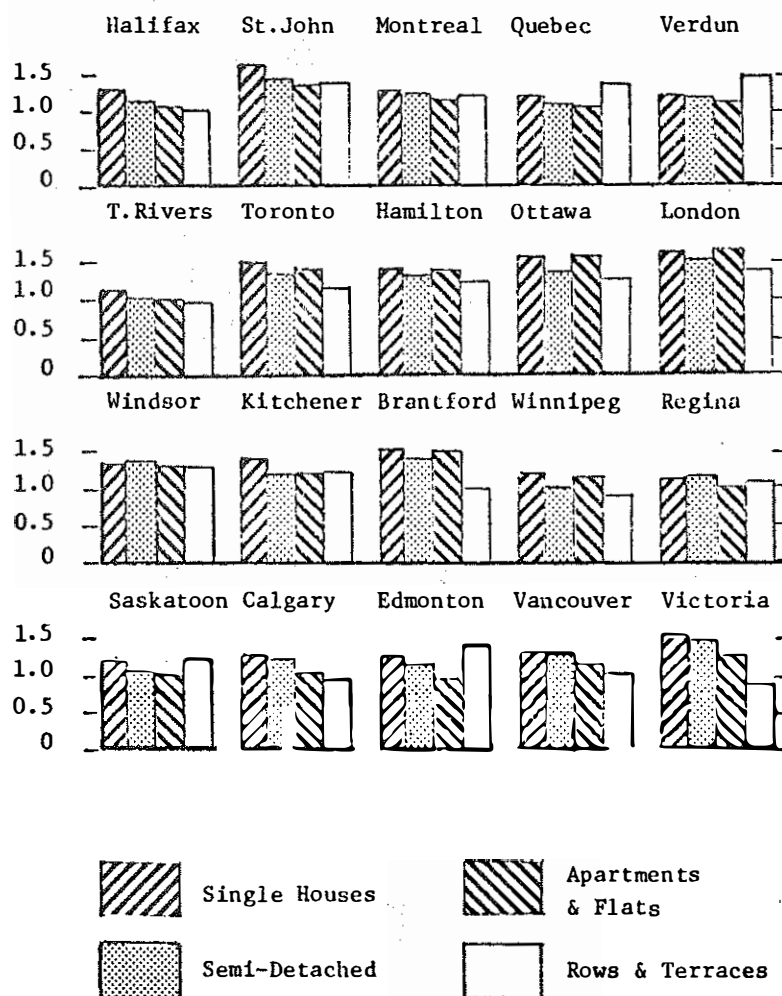
## CHART IV

## ROOMS PER PERSON BY TYPE OF DWELLING 1931

## CANADA AND THE PROVINCES



## CITIES OVER 30,000.



average number of rooms per person had increased from 1.07 in 1891 to 1.27; but at least one out of four in cities of over 30,000 people were living in less than one room per person.<sup>35/</sup> Perhaps as a result of the apartment boom, or of increasing housing costs during the 1920s, owner occupiers had fallen to 60.5 per cent across the nation and to 37.2 per cent in cities of over 30,000. The cities varied widely in terms of the proportion of owned homes, value of homes, and percentage of income paid for rent, as well as in type and size of dwelling.

#### Depression

The depression irrevocably changed the nature of the discussion of Canadian housing, when to the pitifully weak voices urging slum clearance and urban renewal as a valid social policy were added stronger voices urging state aid to housing construction as a counter-cyclical and employment generating device. By the end of the decade, for better or for worse, the federal government was in the housing business.

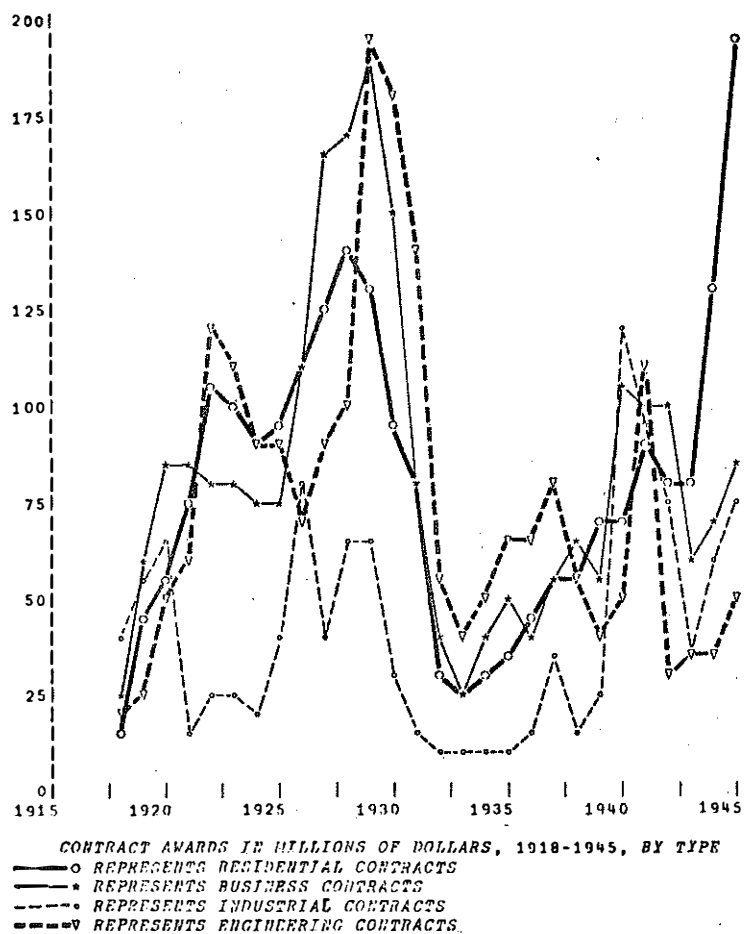
Housing construction had peaked before the crash in the fall of 1929, and construction held up in 1930 and to a large extent in 1931

<sup>35/</sup> In Montreal, Verdun, Three Rivers and Regina the estimate was 40 per cent.

before a cataclysmic crash in 1932.<sup>36/</sup> Contracts for residential construction fell from \$139 million in 1938 to \$24 million in 1933, and contracts for apartments dropped from \$36.7 million to \$900,000

CHART V

## Contract Awards 1918-1945



<sup>36/</sup> Steele, "Dwelling Starts in Canada," Table A 3.2 gives 54.2 in 1928, 51.4 in 1929 to 41.3 in 1930 and 38,000 in 1931 to 16.8 in 1932 and a 16.1 low in 1933.

over the same period.<sup>37/</sup> After a mild revival in 1931 housing construction almost ceased in Montreal, and between 1932 and 1939 fewer dwellings were built than in 1928.<sup>38/</sup> Fewer permits were issued for houses and apartments in Toronto between 1930 and 1939 than in the last three years of the '20s, although again it was not until 1932 that housing construction collapsed.<sup>39/</sup> Residential building permits in Calgary were less for the entire decade than for 1929, and in Regina the value of permits in 1935 was the lowest since 1904 when the city had a population of only 4,000. A very mild recovery began in 1934, but it remained modest until after 1945.<sup>40/</sup>

By the end of the census decade Steele has estimated that only 291,800 dwellings had been built, while the 1941 census, obviously counting every room with a hot plate as a dwelling, reported that 346,000 units had been added to the dwelling stock. Whatever figure

<sup>37/</sup> Macleans Building Reports. The following table reveals the pattern:

	1928	1929	1930	1931	1932	1933	1934	1939
Steele (000's units)	54.2	51.9	41.3	38	16.8	16.1	19.4	44.2
Montreal (units)	8265	6272	4922	5374	1317	736	823	2123
Toronto (Permit \$)	17.3	12.5	10.8	11	2.5	2	2.7	2.9
Contracts (\$000,000)	139.2	128.9	93.3	81.7	28.9	23.9	30.6	67.5
Net family formation (000's)	47	48	39	29	19	20	28	54

<sup>38/</sup> Joseph Archambault, "Le Logement Populaire problème capital," L'Ecole Sociale Populaire, No. 397 (Montreal 1947), observes as well that fewer dwellings were built between 1932-39 than there were marriages in 1938.

<sup>39/</sup> City of Toronto, Reports of the Building Inspectors, passim.

<sup>40/</sup> Housing represented a larger proportion of total investment in the 1930s than it did in the late '20s, as investment in commercial and industrial construction, which had been very high in the late '20s declined even more dramatically. Moreover with costs declining and mortgage money available on good security there were inducements for the middle class and the wealthy to build. See Safarian, Canadian Economy in the Great Depression, 130.

is used, however, the absolute ratio of housing to population growth or the persons per dwelling at worst remained constant on a national level. Consistent with the decline in housing construction in the early 1930s was a decline in the birth rate and net family formation. Immigration fell to the lowest level since the war of 1812. The rate of population growth fell to 11 per cent, and urban Canada grew by only 3 per cent, although the cities over 100,000 absorbed 28 per cent of the total population increase. Despite the absence of rapid growth, however, inadequacies of the housing stock grew more apparent. By 1941 an estimated 150,000 or 18.5 per cent of dwellings in the cities over 30,000 were overcrowded, and there were an estimated 284,000 dwellings in need of major external repairs occupied.<sup>41/</sup>

The problem of low income housing had never disappeared, and with the depression the numbers of low income Canadians increased dramatically. The 1931 statistics were revealing enough, but as the depression refused to yield to R. B. Bennett's rhetoric or threats the housing problem grew worse. Vacancy rates first grew and then declined, but always existed side by side with overcrowding; slums expanded and shacktowns mushroomed; park benches and boxcars became temporary dwellings; many a farm saw the return of the prodigal son or daughter; and doubling up was a common experience even for members of the middle class. As the Toronto City Directory observed with

<sup>41/</sup> Housing and Community Planning, IV, Final Report of the Subcommittee, Advisory Committee on Reconstruction, (Ottawa 1944), Appendix A. By the end of the war the housing shortage was estimated at 320,000 units. (Ibid., 12).

naive understatement in 1934: "Many homes now house several families where in the past such doubling up has not been noticeable. This evidently assists in keeping down the cost of family maintenance to meet reduced incomes."

By the mid-'30s every major city was examining some aspect of the interrelated problems of unemployment, falling incomes, social distress, and inadequate housing. Blame for the situation was laid everywhere, not without some reason: on land speculators and speculative builders, heartless municipal authorities and incompetent planners, banks and mortgage companies, a conservative construction industry unwilling or unable to develop new materials and techniques, and on original sin which found its outlet in drink and sloth among the poor. The reports are a mine for the social historian, but they also reveal the continuing inability or unwillingness of the local élites and responsible public officials to accept the increasingly inescapable fact that the real estate and building industry could not provide decent homes that Canadians on low incomes could buy or rent with a reasonable portion of their income - if at all.

The realization that the housing industry needed some form of external support or control increased as the depression deepened. In a brief to the Royal Commission on Banking and Currency in 1933 the National Construction Council observed that the construction industry was anxious to satisfy the need for housing, but lamented that "with the lack of loaning facilities at reasonable rates of interest, it is quite impossible for the construction industry to commence house

building without some external assistance."<sup>42/</sup> More began to be heard about housing at the annual conventions of the Canadian Construction Association. On the whole the large contractors who formed the association had not been engaged in housing construction, but as Joseph M. Pigott told the Montreal convention in January 1935 "that time has passed and no matter what governments may introduce in the way of public works, those public works as you know might be described as taking money out of one pocket and putting it into another, the real development in construction is going to have its inception in the next few years in housing." Pigott's address dealing with the need for slum clearance (as demonstrated by the recent Bruce Report on Toronto) and the prospects of lower cost construction through new ventures in pre-fabrication, prompted the following interchange:

Q. - You mention that in Bruce's Report it is stated that there are some 4,000 houses not fit to live in. The people are living in them? A. - Yes.

Q. - Are people living in those houses because they want to live in them? A. - No.

Q. - There are hundreds of empty houses in Toronto which, if they could afford to, they would be living in? A. - Yes.

Q. - You say the replacing of these houses will be done by private funds? You say you don't want us to go on record that the government should interfere in the matter of housing? A. - I said the government should provide credit along the same lines as the N.H.A. in the United States.

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<sup>42/</sup> Royal Commission on Banking and Currency, Proceedings, September 8, 1933, 2732.



Q. - All right. Follow that up; that the government are going to supply, say, two per cent money. A. - No I didn't say that. Under the N.H.A. the rate of interest is five per cent.

Q. - All right, make it five per cent. I don't see how you can build houses in Canada for people who can't afford to pay more than ten dollars a month house rent. How can you do it and finance it on five per cent money?

A. - You can't do it. I tried to make it clear and I said that the States' efforts to provide such cheap housing as \$10 or \$12 a foot would be bad and I suggested, instead of that, that we provide housing which would finance itself, houses for people of incomes from \$2,000 to \$3,000.

Q. - I am sticking to Dr. Bruce's report. I am speaking of people who cannot afford to live in those houses.

A. - As you push out, you automatically depreciate the value of the houses of fifteen to twenty years of age and make available those houses for people of low income. On the other hand, let us suppose the state enters the field and produces houses to rent for \$10 and \$12 a month. In the first place, it is a physical impossibility; and in the next place, the difficulty would be to make the people live in them and the next would be to make the people pay anything if they would live in them.

Q. - I am inclined to agree with you. I haven't studied the matter. A. - I think if Dr. Bruce's report is going to be acted upon, we, as a Canadian Construction Association are taking the bit in our teeth pretty directly as opposing the government in taking direct action and to say it could be done by private corporations. I don't think it should be done through private corporations and I think the Canadian Construction Association should be very cautious on how they commit themselves on a thing of that nature. If you commit yourselves on this you will find the time, as has been proven before, that the time any country or state enters the field of providing shelter, Democracy begins to break down. 43/

Later in the day after listening to two housing experts from Roosevelt's Washington, Pigott warned that "the moment the state

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<sup>43/</sup> CCA Files, Proceedings of Seventeenth Annual Convention, 1935, 44-46.

undertakes or assumes the obligation for finding for its low income groups shelter as a state obligation, they might just as well assume the obligation for the food and clothing, and this is the question in a nut shell, and the question you men have to consider: Are you going to lie inert? Are you going to permit this condition to drift to a point where no alternative is presented but that the state, the provinces and the Dominion government are to be forced to go and build these buildings themselves, or are you going to come to life and take a hand in it and do something yourselves?" (Applause) There were those who doubted the success of the filtering down process, however, or who foresaw it undermining the entire real estate structure, as well as those who believed that the state should at least intervene indirectly to stimulate housing construction. The result was a resolution stating that in view of the stagnation in the industry and the undoubted social evils revealed by numerous reports the CCA "respectfully invited" Ottawa "to consider the degree in which the adoption of a housing policy would benefit the country as a whole by stimulating recovery in the building trades and to study the various facts and proposals contained in the reports on slum clearance and housing above mentioned."<sup>44/</sup>

Later in 1935, J. Clarke Reilly, general manager of the CCA, appeared before the House of Commons Committee on Housing. Reilly frankly admitted that the construction industry could not control the

<sup>44/</sup> Ibid., 65-66, 89.

costs of the house building operation - land, materials, wages or interest rates. Whether authorized to do so by the CCA or not, however, he explicitly argued that housing was a social responsibility, and that the Committee should concern itself not only with slums but with "making available to industry and to the ordinary individual, the opportunity of building a home, a house."<sup>45/</sup> D'Arcy Leonard, solicitor for the Dominion Mortgage Companies Association, also appeared before the Committee. Presumably Leonard expressed the general views of financial intermediaries and real estate owners and developers when he warned that the construction of low cost housing would drive all real estate values down. Leonard stated that there was about \$260 million out on mortgages, of which 75 per cent was urban, but that mortgage and loan companies had \$60 million in reserve and life insurance companies were begging for profitable investments. In all, he believed, there would be at least \$25 million available at 5.5 per cent to 6 per cent interest for homes. Asked whether the companies would take mortgages on homes that could be rented for \$15 a month, he replied bluntly:

Well, we certainly could not loan on a house on a basis that would enable it to rent at \$12 or \$15 a month. Of course, the construction of a certain number of houses of that class, if they did not remove other houses where that rent is being paid, and which are overcrowded or uninhabitable, really -

Q. - Practically slums? A. - Practically slums - would have the effect of bringing down rental values

<sup>45/</sup> Special Committee on Housing, 74.

on the next class of houses, you might say, above it; and thereby affect them on the class of security on which we would be lending, which would be a workman's house where he was able to pay a rental based on the actual cost.

Q. - Where would you say was the medium line as to cost? A. - I think that our class of construction, as I know it, particularly in Toronto, we started loaning on a house that cost about \$3,500 up.

Q. - All the houses submitted here are under \$3,500; away below that in some cases. A. - I was only making the point, Mr. Cauchon, that if you build that number of houses at a time when there was already a surplus of houses, without removing the other habitations, you would be just simply increasing the supply of rentable houses, and thereby bringing down your rental structure throughout the next several classes.

Q. - You think it would affect it that far? A. - It seems to me that a man who was living in the class of structure that you want to get these people, seeing another man going into a nice new house at \$15 a month, would unquestionably endeavour to get his rental rate down; and when you have a situation as it does exist, unfortunately, in, I think, a good many cities, where the landlords are glad to take the relief rental of \$15 a month on properties that normally would rent for twice that and more, one must be pretty careful about perpetuating or carrying that situation farther than it would originally go. 46/

On the whole the witnesses before the Committee were long on description, modest on explanations, and short on solutions. But it became clear to most members that only some form of government

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<sup>46/</sup> Ibid., 351. Leonard's observations are a reminder that mortgage lending in 1935 was largely for about 50 per cent of the value of the property. As Woodard points out: "The arrangements then in force constituted no great embarrassment to the type of borrowers who availed themselves of it.... To some extent it could be said that mortgage lending was only available to those who proved they had created substantial equity and who were equally able to build up cash accounts to meet relatively substantial changes periodically." H. Woodard, Canadian Mortgages, (Don Mills 1959), 9.

intervention could solve the housing problem. In its summary of findings, the Committee noted that while housing was primarily an individual responsibility, there was no prospect of low rental housing being provided by private enterprise, and that "a national emergency will soon develop unless the building of dwellings be greatly increased."<sup>47/</sup> A policy of state aid to private builders would not only lessen the immense social costs of inadequate housing, but, even more important, would stimulate the economy and put men to work. Therefore, it recommended the creation of a Housing Authority "with power to initiate, direct and approve and control projects and policies, and to allocate such moneys, as in the opinion of Parliament, may be necessary for the purpose of assisting a programme of urban and rural housing."<sup>48/</sup>

Prime Minister Bennett, lately converted to the principles of the New Deal, responded quickly. The Dominion Housing Act established a federal loan fund of \$10 million for prospective builders and owners. Loans were offered through ordinary lending channels, rather than through the municipalities as in the none too successful 1919 legislation. Mortgage loans were provided jointly by the federal government and private institutional lenders, the government financing up to one quarter of the loan and guaranteeing the private lenders against loss. The increase in the loan to value ratio from 60 to 80 per cent, the 20-year amortization period and the 5 per cent interest rate were

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<sup>47/</sup> Special Committee on Housing, 354.

<sup>48/</sup> Ibid., 355.

far more liberal than current lending practices. During the three years the Act was in operation, loans of \$19.6 million had financed 4,900 dwelling units.<sup>49/</sup> With the average loan of \$6,300 there was some criticism that the Act was used mainly by the reasonably wealthy and while it might have stimulated construction did little to increase the supply of low income housing.<sup>50/</sup>

One critic of the Act was Frank McLaughlin, of the Chartered Trust, who also provided another insight into the nature of the house building industry:

One characteristic of this Act is that the government has put restrictions on it, so that it is practically impossible for a speculative builder to borrow money. Under its provisions he can get only 60 per cent of the amount of the mortgage, or of the value of the property, until he has sold the house and has it occupied by the new owner; and then he gets the other 20 per cent. 51/

Now, the number of people who build their own houses is a very small minority. The great majority of the houses, of course, are houses that are sold for under \$10,000. They are practically all built by

<sup>49/</sup>Woodard, Canadian Mortgages, 11.

<sup>50/</sup>"The Act was revolutionary in its effect on the traditional lending pattern. It effected the following changes: (1) a higher ratio loan; (2) a subsidized interest rate by Crown participation in the loan; (3) an initial loan term of ten years; (4) a contract of renewal for a further ten years at terms to be agreed upon at the initial maturity; (5) blended equal monthly repayments of principal and interest; (6) the payment of taxes monthly in advance so as to create a tax fund for future tax payments; and (7) the establishment of minimum standards of construction, subject to on-site inspections to ensure compliance." Ibid., 10.

<sup>51/</sup>A reference to the prescribed holdback of 25 per cent of loans to a speculative builder until the property had been sold to an approved purchaser. This was later reduced to 15 per cent.

speculative builders, who know their own business better than anybody can tell it to them. They have the pulse of the market all the time and with four-fifths of them, the house must be sold just about as soon as it is finished or they are in trouble. So they use their own judgment on what to build. The reason they are selling houses in Toronto, and they built to some extent right through the depression, spending about ten million in house construction last year, is first, they are selling the houses 25 to 30 per cent cheaper than five or six years ago. Second, they have changed the designs a little; a house becomes obsolescent or out of style nearly as fast as women's clothes....

This Dominion Act is not really needed. There is plenty of money to add to the speculative builder's, which he can borrow to-day at five and a half per cent, which is just about as cheap as he needs to sell. What we really require to get this business started is some kind of government or municipal aid for construction of low cost housing. The kind of house that should be built is the kind that the working man needs, and the ordinary builder won't build it because it is not profitable....

I think the Ottawa Government, if this Dominion Housing Act fails, which I think it will might give us some real help in rebuilding. They might let us have three per cent money which would be a great factor, especially in building cheaper houses. It looks as if we will have to rely on the Dominion Government if we are going to get very cheap money, and we must get it if we are going to make any money out of real estate. You can't pay five, and six and seven per cent for money as at present, and get a return on your investment, and apparently wages are so poor that people can't save enough to buy houses and pay the ordinary charges. 52/

52/ CCA Files, Proceedings of Eighteenth Annual Convention, 1936. At the same convention Pigott in another speech argued radical changes were pending involving the use of the structural frame to replace heavy load bearings and masonry, fireproof construction, insulation and air conditioning. Once the advantages of these houses became apparent adaptations in cheaper forms would be developed. Standardization would be essential to lower costs but this would have to be concealed or the houses would not sell. Pigott showed slides of a new type of house his company had developed. The house had a steel frame, concrete floors and roof, steel and gypsum partitions, automatic air conditioning and a complete electrical kitchen costing no more than an ordinary custom built house. He believed new designs and aggressive marketing would boost good home sales and even the lowest forms of housing would feel their influence.

When the National Employment Commission reported in the fall of 1936, the new Liberal government immediately adopted its relatively inexpensive recommendation to support home improvement as a re-employment measure, and passed the Home Improvement Loans Guarantee Act, 1937, whereby the government guaranteed loans to those who wished to repair or modernize their property. Loans were made by chartered banks and other approved lending institutions and borrowers were allowed up to \$2,000 on a single house and larger amounts on multiple houses, at a rate of 3.1/4 per cent for a one year loan repayable in equal monthly instalments and proportionate rates for other periods. Up to April 30, 1939, 66,927 loans had been advanced, amounting to \$26,720,224.35.

It was not until the spring of 1938, however, when the Liberals introduced the National Housing Act, that a major comprehensive assault was made on the housing problem. The 1938 Act has often been represented as the first approach to the problem of housing other than as an adjunct to the problem of unemployment. But neither the lengthy discussion in the King cabinet nor finance minister Dunning's introduction to the bill in the Commons confirm that view, although the government undoubtedly came closer to approaching the housing issue on its own merits than ever before.<sup>53/</sup> Introducing the bill, Dunning

<sup>53/</sup> The government had been pressed to initiate a housing programme since the National Employment Commission had urged a programme of low cost housing. The pressure had mounted outside, and some Liberal cabinet ministers and backbenchers were pressing very hard. But there was still a strong section in the cabinet that wanted either local public works, which helped win elections, or a balanced budget and low taxes to stimulate industry and investment. The battle was fought in



referred both to the social consequences of inadequate housing and the impact of the depression on the construction and building supply industries "which have been the most laggard of our industries in recovering from the depression":

All these considerations are well known to the house. I can assume, therefore, that there will be a keen and sympathetic appreciation of the objectives which this legislation seeks, which I would define as (1) a substantial contribution to the elimination of unemployment in a field where it has been most heavily concentrated, and to the general stimulation of business recovery; and (2) a substantial contribution to the improvement of housing conditions, particularly for families of low income, at the same time giving our people, our provincial and municipal governments and the house building industry a lead as to sound methods and policies that may be followed in the future. 54/

Part I of the Act made possible 90 per cent loans on houses costing less than \$2,500 and guaranteed loans of \$4,000 or less in remote areas which in practice had been excluded under the earlier legislation. Part II of the Act made the first provision for low rental projects. A limited dividend company could borrow up to 80 per cent at 1.3/4 per cent and a municipality up to 90 per cent at 2 per cent of the value, providing the municipality limited taxation and agreed

cabinet over the supplementary estimates which were finally approved the same day the housing scheme was accepted. King urged acceptance of all parts of the housing scheme, most of which he found too complicated to explain to his diary. But he did like the section authorizing the federal government to pay the taxes on low cost housing, which came from a backbencher, either because it was simple or it was politically attractive.

54/ House of Commons Debates, 1938, 3651-52.

to forego it totally if the limited dividend company could not otherwise meet its payments and the province agreed to guarantee the principal and interest on all municipal borrowing. Part III was a tax compensation measure authorizing the minister of finance to pay all the taxes for one year on houses costing less than \$4,000, and 50 and 25 per cent in the following years if a municipality provided building lots for \$50.

The bill passed the Commons easily. It drew commendations from Abraham Heaps of Winnipeg and the charge from mercurial Tommy Church, ex-mayor of Toronto and member of the 1935 Commons Committee, that it was "class legislation for the benefit of the big loan companies and other large institutions."<sup>55/</sup> Part I was extensively used, and in less than four years over 15,000 loans were authorized, the majority for less than \$3,000. Part II expired in 1940 with only five provinces having passed enabling legislation, and no projects close to realization. Part III was little used, and expired in 1940.<sup>56/</sup>

A spirited defence of federal housing legislation, particularly the 1938 act, and a blistering criticism of the construction industry was delivered by F. W. Nicolls, the director of housing in the department of finance, at the CCA convention in January 1939. Under the housing and home improvement acts the federal government had spent \$30,000,000 assisting housing construction, he observed:

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<sup>55/</sup> Ibid., 1938, 3369.

<sup>56/</sup> See Woodard, Canadian Mortgages, 11-14.

But when we look at the other side of the picture to discern what the Construction Industry has done to help itself we find little or nothing at all.

Perhaps it is a waste of time for me again to ask this industry to do something definite and tangible in the way of helping to solve the problem of lack of construction in this country, but I still feel that, of all the groups that are interested in the development and extension of the permanent goods industry in Canada, the Construction Association should be outstanding. Why then is it that this industry sits back and complains, and, so far as I can see, does nothing constructive, particularly in view of the unlimited possibilities that now exist for the creation of new work in the construction field?

I realize that this Association, as represented here today, is made up mostly of the larger construction firms who in the past have not taken a great interest in the construction of residential buildings, particularly those of low cost. But when I tell you that, during the past year, there have been individual builders who have constructed houses in blocks and in groups in the amount of half a million dollars or more, you will appreciate that low cost house construction is no longer just the building of a house here or there, but that it is getting into big business.

I make the prophecy that housing will rank among our largest construction projects within the next few years. I think the day is past when the larger construction firms can depend entirely on commercial work or buildings of a type large enough to justify their employment. I believe that the firm of contractors who give serious consideration to the possibility of constructing housing units on a large scale is going to be many steps ahead of its competitor who waits until he is forced into this type of work. 57/

The government had assisted financing new construction, he continued, pursued a programme of public education on housing design and construction, prepared a manual on appraisal for lending institutions,

57/ CCA Files, Proceedings of Twenty-First Annual Convention, 1939, 19.

established minimum standards which were "becoming recognized as of real value in ensuring sound investment value," and were being used by architects and builders even when NHA financing was not in force, and was making good progress with a national building code. But, he concluded, comparing Canadian and American experience much to the detriment of the former:

The problem which has not been solved, which, in fact, has hardly been touched in this country, is that of reduction of building costs, and it is in this respect that you of the Construction Industry can make a major contribution if you will. I say, without fear of contradiction, that if the Construction Industry (and I include architects, materials and equipment organizations as well as builders) - if these interested parties would contribute as much thought and energy to solving their particular end of the problem as have the Government and the lending institutions, our housing problem would be a long way towards solution, and the Construction Industry would be well on its way toward recovery, instead of in the unfortunate position in which it now finds itself. 58/

When war broke out in September 1939 the depression was lifting, but despite marginally increased construction the housing problem remained acute. In an attempt to provide some guidance for the Rowell-Sirois Commission, Grauer wondered whether anything more could be done to provide cheap housing without government aid. "The organization of the building industry is generally considered to be poor as compared with other mass production industries but governments can do little about this," he observed, "unless, as in Sweden, governments themselves worked out plans for the pre-fabrication of basic materials and

58/ Ibid., 20.

the purchase of materials at wholesale prices." But government could change property taxes and interest rates, the former allegedly being higher in Canada "than in any other country." However, while "middle class families and wage earners in upper brackets would be induced to build houses by a lowering of their carting charges," he concluded, the lower income groups "cannot hope to build or rent adequate houses on the terms that private industry could produce them even if taxes on real estate were lower."<sup>59/</sup> There seemed to be no alternative to direct government supply.

Direct government supply came as a response to war time needs as it had after the Halifax explosion. In 1941 the federal government created Wartime Housing Limited, a crown corporation responsible to the minister of supply and munitions, to build houses for workers where the growth of war industries had created a housing demand which could not be satisfied by private investment. By the end of 1943, over 90,000 people were housed in 67 communities. Wartime Housing had built 26,000 units by the end of the war.

The war was only three months old when an optimistic Mackenzie King government established the Advisory Committee on Reconstruction under Cyril James, to plan for the postwar period and design policies to counteract depression or instability. In its September 1943 report the Advisory Committee observed that "it is also probable in view of the marked inadequacy of low priced residential accommodation throughout

<sup>59/</sup> Grauer, Housing, 58-59.

the depression that the report of the subcommittee on Housing and Community Planning will recommend immediate governmental action to expand the supply of low cost housing."<sup>60/</sup> In March 1944 the Curtis subcommittee on housing, in the best single study of Canadian housing, strongly recommended government intervention if the estimated 750,000 to 1,000,000 new homes needed in the first postwar decade were to be built and the country was to provide accommodation for its lower income groups. Not only did the committee recommend a wide extension of existing housing programmes, but also the creation of a dominion town planning agency, provincial and municipal planning agencies, federal loans for the large scale acquisition of land and slum clearance, a variety of research and development programmes, and radical changes in the housing industry itself.<sup>61/</sup>

One result was the National Housing Act, 1944. Like its predecessors as much an instrument of economic as of social policy, the act continued the programme of joint loans, guaranteed home improvement loans, and loans to limited dividend companies in the earlier legislation. The only new provision enabled the federal government to make grants to municipalities of half the cost of acquiring, clearing,

<sup>60/</sup> Report of the Advisory Committee on Reconstruction, (Ottawa 1943), 27.

<sup>61/</sup> Housing and Community Planning, IV, Advisory Committee on Reconstruction. The chairman, C. A. Curtis, was a professor of economics at Queen's. Among the members were Eric Arthur, (architecture, Toronto), Ben Higgins (economics, McGill), F. W. Nicolls (finance, Ottawa), J. W. Pigott (who withdrew before the completion of the report), H. F. Greenaway (DBS), and L. C. Marsh (research advisor).

and preparing slum areas for new uses, less 50 per cent of the value of the land.<sup>62/</sup> In 1945 the Central Mortgage and Housing Corporation was established as the agency responsible for housing and the administration of the National Housing Act. CMHC was placed under the Ministry of Reconstruction and Supply, then headed by C. D. Howe. The federal government had taken a further step towards an irrevocable involvement in the provision of Canadian housing, although the nature and extent of its intervention was at best dimly perceived.

#### Post War Approaches

More homes have been built since 1945 than existed in Canada at the end of the war, and the Canadian people have never been as well housed. In every sense the scale of the housing industry changed almost beyond recognition; yet at the same time historical trends and issues persisted so that the new history is recognizable as a continuation of the old. If the quality of housing improved significantly, it did little more than match rising expectations, and indeed at times seemed to do less. If the housing industry managed to erect four

<sup>62/</sup> Details of the new act provided for home ownership loans on a 20-year term with a possible 30-year term in some areas, and for rental housing 20 and 25 years respectively. Loan to value ratios were increased to 95 per cent of the first \$2,000, 85 per cent of the next \$2,000, and 70 per cent of the balance. The loan provisions for low cost housing were 90 per cent with an amortization period of 50 years. See Woodard, Canadian Mortgages, 14-16.

million units in thirty years, it was still accused of conservatism if not incompetence. If the state and private lending institutions managed to invest over \$40 billion in new housing, they were still seen as failing to provide the Canadian people with the housing they wanted. The most striking features of the history of postwar housing have been the overall improvement in quality, the enormous public and private investment in housing, the increasing and changing intervention of the state, and changes in the organization of the housing industry. Behind the enormous construction programme was an equally striking increase in immigration, family and non-family household formation, population, and urbanization.

Despite the enormous population growth in Canada the increase in housing stock more than kept pace. In 1941 there were 2.5 million dwellings in Canada, and by 1945, even with massive war time conversions, no more than three million. Thirty years later there were more than 6.5 million, and the nation was adding over one million every five years. Occupancy per dwelling fell from 4.47 in 1941 to 4.07 in 1951 and 3.57 in 1971.<sup>63/</sup> The density per room fell from 0.77 in 1951 to 0.66 twenty years later. By the late 1960s one new residential unit was being constructed for every .61 additional people.<sup>64/</sup> The numbers of houses without full indoor plumbing or in

<sup>63/</sup> Data from Census.

<sup>64/</sup> Economic Council of Canada, *Toward More Stable Growth in Construction*, Report of the Study of Cyclical Instability in Construction, (Ottawa 1974), 143.



need of repair declined dramatically after the war, and while in 1951 over 13 per cent of families in metropolitan areas were without separate dwellings the number had fallen to 4.5 per cent fifteen years later despite the arrival of 3.5 million immigrants who traditionally double-up for a few years after their arrival.<sup>65/</sup>

The emergence of the apartment helped the country meet the challenge of numbers. Apartments were less costly to build, placed less demand on serviced land in the major metropolitan areas, and were ideally suited for young couples and non-family households. Not only was there greater consumer acceptance of the apartment among those who may have had no option, there was also consumer preference among families which gave shelter a lower priority than other goods or services.

The growth in apartment construction was slow. In 1941 only 20.8 per cent of dwellings were classified as apartments. Between 1949 and 1959 only 20 per cent of new dwellings were apartments, while 70 per cent remained the single detached house. During the '60s, however, apartment construction was 42 per cent of all residential building, and in 1965 there were more apartment units built than single detached houses. In 1968 and 1969 more apartments were built than all other dwellings combined. Although there was a resurgence of single family construction after 1970, apartment construction was 41.4 per cent of the total from 1970 to 1974. By 1971 the percentage of

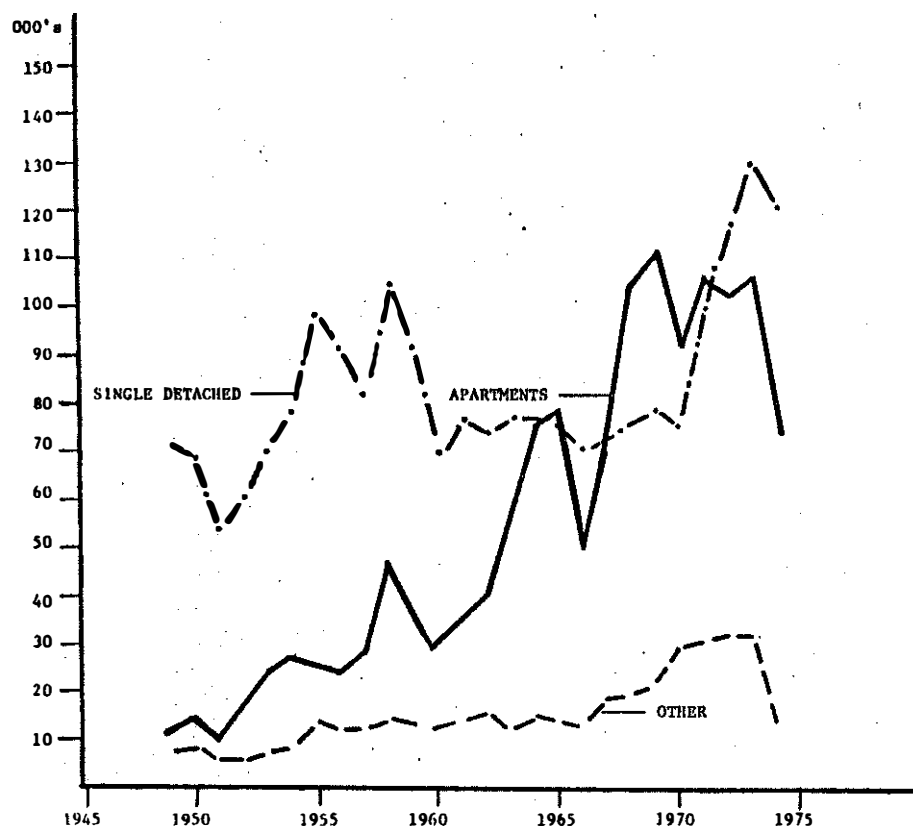
<sup>65/</sup> Lawrence B. Smith, The Postwar Canadian Housing and Residential Mortgage Markets and the Role of Government, (Toronto 1974), 5.

apartments had risen to 28, with 60 per cent single detached homes and 12 per cent semi-detached and duplexes.

The national picture was a totally misleading impression of the situation in much of urban Canada. By the 1960s sections of Canada's major cities were becoming a forest of high rise.<sup>66/</sup> In cities with over 10,000 population the apartment outnumbered the single family homes in 1963 and every year since, and for seven of those years has

CHART VI

New Residential Construction



<sup>66/</sup> In Toronto in the 1960s for example, well over 90 per cent of new residential construction was for apartments.

outnumbered all other residential starts. And by December 1973 - a year when single family starts were 50 per cent higher than apartments - of the 147,497 dwellings under construction in the 22 metropolitan areas, 97,389 were apartments. Calgary and Edmonton were the only large cities where homes outnumbered apartments.<sup>67/</sup>

The demands on the housing industry inevitably altered the structure of the industry. While the streets of every Canadian city testify to the existence of developer-builders a century ago, the house building industry in Canada before 1945 was dominated by a large number of very small firms. Before the war F. W. Nicholls had advised the larger contractors in the CCA that there would be a fortune to be made in housing construction, and his superior in the department of finance, Dr. W. C. Clark, suggested that one answer to the housing production problem would lie in large scale organization and construction:

The laborious assembly of the multitude of individual items that go into the making of a house, all purchased in expensive retail lots; with the slow succession of the long series of sub-contractors and skilled artisans of different trades, whose co-operation is only loosely organized, resulting in loss of time, confusion, frequent jurisdictional disputes and excessive cost; with the waste and delays due to vagaries of the weather and the loss involved in the disposal of excess material and of the temporary manufacturing plant located on the building site. Not the least important source of waste and excessive cost is the elaborate system of small-scale jobbers and middlemen who must keep on hand stocks

<sup>67/</sup> In Calgary and Edmonton more apartments than homes were under construction a year earlier. In most large cities apartments outnumbered all other by two or three to one. Central Mortgage and Housing Corporation, Canadian Housing Statistics, 1973, Table 8.

of material and equipment for contractors and sub-contractors with limited financial resources. The small scale of such operations, the difficulty of gauging an uncertain and fluctuating market, and the long tie-up of capital in a myriad of necessary raw materials result in an inevitable marking up of such materials by from 10 to 100 per cent over manufacturers' cost, all of which cost has to be borne by the completed house....

Making due qualification for the fine contribution of many small builders working under great handicaps, the truth of the matter is that the ablest and most responsible elements in the construction industry have not devoted their attention to the building of houses. They have spurned a business which appeared to be turning out a handmade product catering to the particular idiosyncracies of a few individuals in the higher income groups. They have overlooked the possibilities inherent in applying organizing and promotive ability, large scale methods, adequate financial resources and modern science, to the task of providing decent and economical shelter for families in the lower and middle income groups. This task has been left to the smaller and sometimes to the less responsible elements in the industry who are confronted with difficulties which . . . are almost insurmountable and the results are - what we see around us on every hand. 68/

The postwar period proved Clark right, as very large builder-developers and contractors were responsible for much of the new housing stock. Most of the companies, large and small, were postwar creations, as would be expected after fifteen years of depression and war. Of the 1699 builders who received NHA loans in 1955, for example, only 244 had been in existence before the war while another 212 had emerged during the war, and almost half were less than five years old.<sup>69/</sup> While the

<sup>68/</sup> W. C. Clark, "Housing," Dalhousie University Bulletins on Public Affairs, No. vi, (Halifax 1938), cited in Housing and Community Planning, 223-24. Clark was probably the major architect of the 1938 housing legislation.

<sup>69/</sup> Housing and Urban Growth in Canada, CMHC brief to the Royal Commission on Canada's Economic Prospects, Ottawa, March 1956.

conclusions drawn from NHA loans could be misleading for the industry as a whole they are indicative of an industry where a large number of small firms build few units, and a small number of large firms build many.

TABLE III <sup>70/</sup>

## Builders Receiving NHA Loans

	1-5 units		- 101 units	
	<u>% Builders</u>	<u>% Units</u>	<u>% Builders</u>	<u>% Units</u>
1955	42	7.2	5	39.4
1961	56.4	10.2	1.7	24
1967	60	12.2	1.5	23
1970	42	6	4.9	47.7
1972	47.5	5.4	4.3	41
1973	53.3	6	4.3	43.2

From 1968 to 1973 the builders erecting over 50 units a year built well over half of the NHA financed dwellings, although they numbered between 5 and 10 per cent of the total. In some cities in 1973 a few large builders, all building over 100 units, dominated the NHA field: in Ottawa 4 of 41 builders built 74 per cent, in Toronto 33 of 58 built 87 per cent, in Hull 4 of 31 built 78 per cent, and in Winnipeg 6 of 80 built 59 per cent of the total.<sup>71/</sup> One study of Montreal concluded that between 1967 and 1971 fifteen builders, each constructing over 500 units, were responsible for 31 per cent of all residential construction, while 580 small promoters building less

<sup>70/</sup> Canadian Housing Statistics, *passim*.

<sup>71/</sup> Ibid., 1973, Table 108.

than 75 units each built less than 20 per cent.<sup>72/</sup>

Yet the small builder remained by far the most numerous. In Canada as a whole in 1971, 81.4 per cent of builders who got NHA loans built between 1 and 25 units and only 8.5 per cent built over 50. Yet 27.7 per cent of the loans were to builders in the 1-25 category and 54 per cent to those over 50. Naturally there were also sharp provincial and regional differences with the small builders much more prominent in the Atlantic provinces (where 91.7 per cent of NHA loans went to the 1-25 group in 1971), Quebec and British Columbia. Even in Ontario, where the large-scale industry was furthest developed, 77.4 per cent of the loans were to the small builder. The Housing and Urban Development Association of Canada estimated that "probably about one-half of all new dwelling units constructed" were built by "the smaller builder."<sup>73/</sup>

While Canadian builders have been accused of inertia in finding new methods of production and new materials to lower the housing construction cost, and housing critics, in Canada as elsewhere, continue to argue that greater industrialization would bring everyman's castle within his reach there has been little firm evidence

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<sup>72/</sup> Promoters building over 1,000 units had 53.3 per cent of their output in apartments and 43.4 in single families; in the 500-999 bracket 79 per cent was in apartment construction and 17.7 in single families. All the firms producing over 75 units produced a majority of apartments apparently. Gérard Davay et Luc Hurtubise, "Les promoteurs d'habitation dans la région de Montréal, Présentation partielle et préliminaire," Note No. 1 Septembre 1972, Urbanisation, mimeo.

<sup>73/</sup> Housing and Urban Development Association of Canada, Submission to the Economic Council of Canada in connection with its study of Cyclical Instability in the Construction Industry, August 1972, 4.

to support either position.<sup>74/</sup> In 1946 the department of reconstruction estimated that 52.5 per cent of construction costs were in materials, 37.5 per cent in on-site labour, and 10 per cent overhead and profits.<sup>75/</sup> Most contemporary estimates are well below for both labour and material, as increasing costs have been relatively held down by mass production of components, efficient management, specialized labour and assembly line techniques on the site.<sup>76/</sup>

<sup>74/</sup> See Michael A. Stegman, editor, *Housing and Economics: The American Dilemma*, (Cambridge, 1971), 107 ff. Two Canadian postwar examples of industrialized housing have been Dominion Foundries experiment with 66 condominium units built partly of steel and Polysar's modular pre-cast cement units. Dofasco apparently sold most units before construction was complete. (Urban Renewal and Low Income Housing, VIII, No. 1, 1972, 10-11; and Steel design, III, No. 4, 1971.) Polysar closed its plant in October 1974 after losing several million dollars (Globe and Mail, October 12, 1974).

<sup>75/</sup> Department of Reconstruction Supply, Manpower and material requirements for a housing program in Canada. (Ottawa 1946), 36. Figures for a single family dwelling in the United States in 1968 were: on-site wages 19 per cent; machinery and equipment, 36 per cent; profit and overhead, 14 per cent; improved land, 25 per cent; and miscellaneous, 6 per cent. Stegman points out that a phenomenal reduction of 50 per cent in on-site labour would reduce the cost of a house by only 9 per cent. He also observes that since no single material or type of equipment represented more than 19 per cent of construction cost it would take a revolutionary breakthrough in materials, as in labour, to reduce housing costs to anything like an economic level for those on low incomes. Stegman, *Housing and Economics*, 109-110.

<sup>76/</sup> To some extent the Canadian industry appears to have benefited from the American example, as many techniques and materials were first pioneered there. While this broader question has been left to another paper, the following observations by J. Clarke Reilly, manager of the CCA, before the Commons Committee on Housing in 1935 are indicative of a pattern that persisted until well after the war at least: "We are on the eve of very important events in housing, and the method of building new houses. Those of you who were at Chicago saw the houses that were there know that. If I had a few slides I have in my office, I would show you some of the ways in which this new material - and the new buildings are being developed in the laboratories down in the

Smith, for example, estimated materials at 42 per cent of actual construction costs, and labour at 32 per cent.<sup>77/</sup> Moreover, construction costs have not been primarily or proportionately responsible for the remarkable increase in housing costs since the war. The Economic Council has estimated that total construction costs represented only 42 per cent of increased costs between 1952 and 1971,<sup>78/</sup> and Wolfgang Illing observed that between the early 1950s and late 1960s land costs increased 200 per cent and construction costs about 40 per cent.<sup>79/</sup> In a study of a number of Ontario cities for the Comay Task Force, Peter Barnard Associates reported that between 1961 and 1971 land

States. This will come up to Canada in due time. I think the National Bureau of Research could be endowed and empowered to investigate the different materials and see what is the best way to more cheaply build houses that we have to build for people in this country, a low cost house for the low paid worker." His remarks were interpreted as a criticism of wood by sensitive members of the committee. Reilly added hastily that he was not criticizing wood construction, but "They are building houses of glass now, and building them of sheets of steel, building them of masonite material, and the whole wall will be just run up in one great sheet, and the walls will be filled in with insulating material. Houses in a few years will be built of new materials, and it will be like a new car. It will reduce the cost. It will be on a mass production basis, though." Special Committee on Housing, 81.

<sup>77/</sup> Smith, *Postwar Housing and Residential Mortgage Markets*, 41. Smith has land acquisition and improvement at 20 per cent of the total, and construction 77 per cent (of which 20 per cent was financial and overhead) and marketing 4 per cent.

<sup>78/</sup> The Council estimated land at 20 per cent, property taxes at 21 per cent and mortgage interest at 17 per cent. *Toward More Stable Growth in Construction*, 159.

<sup>79/</sup> Wolfgang M. Illing, "The Rising Cost of Housing and Problems of Financing," *Canadian Conference on Housing*, Background Paper No. 3, September 1968, 3.



costs had increased from a low of 110 per cent in Ottawa-Hull to a high of 341 per cent in Sudbury, while labour costs had increased from a high of 106 per cent in Ottawa-Hull to a low of 60 per cent in Hamilton, and materials costs had increased only 45 per cent across the board.<sup>80/</sup> In terms of controllable costs at least, the construction sector of the housing industry was reasonably efficient, but watched in dismay as the speculation in land helped push costs to astronomical heights, municipalities threw the servicing burden on the developer and thus the home owner or renter, and rising down payments and heavier carrying charges all pushed the average house out of the reach of Canadians on low and moderate incomes.<sup>81/</sup>

The amount of capital required to build over four million dwellings since 1945 has been a staggering \$55 billion. Mortgage debt which had been only 7 per cent of outstanding dollar debt in 1946 accounted for 36.4 per cent of Canadian dollar debt outstanding by 1969.<sup>82/</sup> By the end of 1970 mortgage debt on housing was \$30.1

<sup>80/</sup> Peter Barnard Associates. Developments in the Cost, Supply and Need for Housing in Canada, A Report prepared for the Advisory Task Force on Housing Policy, Toronto, April 1973, Exhibit 10. As a matter of academic interest - in 1947 Humphrey Carver found that land for a \$7,000 house cost \$700, and that in 1946 only 2.8 per cent of lots cost more than \$1,000 in Toronto. Housing for Toronto, 1947, mimeo: 19.

<sup>81/</sup> The Urban Development Institute of Ontario's brief to the Davis government argued that between 1961 and 1971 the minimum income necessary to own an NHA house had increased from \$5,284 to \$11,623, and to \$16,623 for an average house. UDI estimated that only 11 per cent of income earners met the first, and only 4 per cent the second. Urban Development Institute of Ontario, Residential Land Development in Ontario, November 1972, 9, 11.

<sup>82/</sup> Smith, Postwar Housing and Residential Mortgage Markets, 4.

billion and by 1974 it had leaped to \$44.8 billion.<sup>83/</sup> The source of funds had been approximately as follows: public funds under federal legislation, 17 per cent; institutional loans under NHA, 23 per cent; conventional loans, 22 per cent; other funds, 22 per cent; and owners equity, 19 per cent. Table IV shows the annual investment in mortgages has varied widely and suddenly given general economic fluctuations and government policy. Owners equity, not shown in Table IV, has ranged

TABLE IV

Mortgage Loans on New Residential  
Construction (Millions)

	Lending Institutions					Total	CMHC	Total
	Life Insurance Companies	Chartered Banks	Trust Companies	Loan Companies	Other			
1950	269	-	8	28	4	310	25	335
51	208	-	7	18	5	237	10	247
52	262	-	7	30	4	303	47	350
53	320	-	10	39	6	374	54	428
54	395	158	27	55	9	645	20	665
55	428	326	56	55	10	874	17	891
56	417	158	46	49	10	680	20	700
57	251	173	37	44	12	517	233	750
58	353	300	67	74	16	810	373	1183
59	352	175	64	53	6	651	343	994
1960	379	1	88	73	8	549	161	710
61	495	-	190	83	18	786	273	1059
62	533	-	199	107	24	862	187	1049
63	616	-	250	152	20	1038	320	1358
64	647	9	273	193	42	1165	397	1562
65	690	6	316	156	54	1222	467	1689
66	459	-	144	120	42	765	537	1302
67	494	128	303	137	40	1101	674	1775
68	614	333	528	222	98	1795	443	2238
69	379	284	650	268	109	1690	547	2237
1970	177	379	545	200	96	1397	901	2298
71	353	851	742	402	123	2471	676	3147
72	414	1026	908	528	130	3005	427	3432
73	588	1223	1244	556	101	3712	344	4056

<sup>83/</sup> Canadian Housing Statistics, 1973, Table 77. The \$44.8 billion in 1973 outstanding was roughly life companies \$8.7 billion, chartered banks \$4.6, loan companies \$4.7, trust companies \$7.2, other companies \$.4, governments and government agencies \$9.3, corporate lenders \$2.3, credit unions \$3.5, pension funds \$1.5, and estates, trusts etc. \$2.7.

as high as 22.3 per cent in 1954 to lows of 13.4 per cent in 1964 and 13.1 in 1973.<sup>84/</sup>

The most important short-term factor in determining the flow of residential construction since 1945 has been the monetary and housing policies of the federal government. While Ottawa continued to waver between viewing the quantity of housing as an instrument of economic policy or the quality of housing as a goal of social policy, its intervention has been crucial in determining the level of capital investment.<sup>85/</sup>

The NHA legislation of 1944 and the appointment of C. D. Howe as the minister responsible for housing and CMHC was intended to stimulate a high level of postwar housing construction, although there was never any explicit acceptance of responsibility for meeting the 320,000 urban backlog or the 606,000 units in the first postwar decade recommended by the Curtis report.<sup>86/</sup>

Yet despite the acute postwar shortage and the efforts of Howe and David Mansur, the energetic head of CMHC, there was no boom in residential construction. Apprehensions of the depression lingered, builders were concerned about overinvestment and bankers shared their concern. Between 1946 and 1949, however, the joint loan provisions

<sup>84/</sup> Ibid., Table 24.

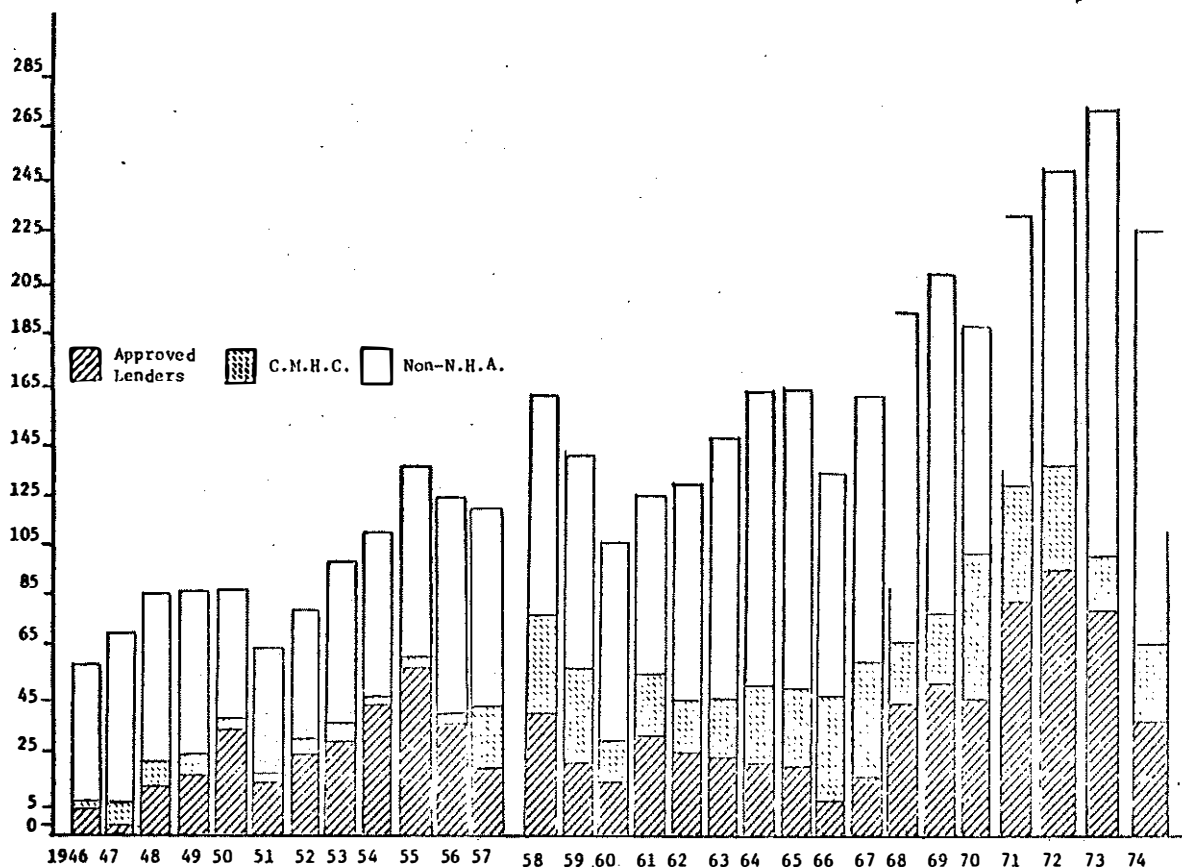
<sup>85/</sup> That intervention has also been an important factor in causing instability in residential construction. See Economic Council of Canada, *Toward More Stable Growth in Construction*.

<sup>86/</sup> *Housing and Community Planning*, IV, Advisory Committee on Reconstruction, 12.

helped to finance 15,000 houses for home owners and 35,000 for speculative builders (about half of which were under the Integrated Housing Plan for sale to veterans at pre-set prices and a CMHC purchase guarantee). In 1947 the Corporation was given the authority to make loans itself in areas where private lenders did not provide facilities. A year later to stimulate rental construction the

CHART VII

Dwelling Starts by Principal  
Source of Financing  
1946-1974



government passed a minimum rental guarantee provision for approved projects, authorized lending institutions to loan to a value of 85 rather than 60 per cent, and empowered CMHC to make loans directly if private loans were not forthcoming. The impact was immediate, and in 1949 more rental units were started than in the 1946-1948 period. To further stimulate construction and help offset increasing building and land costs, the government also increased the size of loans and lengthened the amortization period. Finally, in 1949 in an attempt to stimulate housing construction as an anti-recession measure the down payments were substantially reduced.

By 1951, however, the inflationary pressures of the Korean War led the government to use housing as an anti-inflationary tool by increasing the down payment. While this immediately reduced the demand for NHA loans, the demand was still greater than the institutional lenders were prepared to supply under the  $4\frac{1}{2}$  per cent interest limit, or even under the 5 per cent approved in June 1951, and throughout the decade, except for brief periods, there was a chronic excess demand for mortgage money at NHA rates. Institutional lending under NHA and housing starts declined dramatically in 1951, and remained well under the 1950 level in 1952. A combination of heavy demand, a higher level of personal savings and personal disposable income, the availability of both materials and labour, and an easing of the supply of mortgage money pushed the 1953 starts to a postwar record, although as in 1952 CMHC directly loaned more than 10 per cent of the total. Despite the improvement in 1953 contemporaries

believed that the only solution to the easier flow of mortgage money, at a time when it appeared that the established lenders might have reached their saturation point, was to widen the group of approved lenders. Passed in March, the 1954 National Housing Act substituted insured loans for the old joint loan provision, established a secondary market in NHA mortgages, provided mortgage money through approved lenders for conversion of homes to multiple family dwellings, and admitted the chartered banks and Quebec savings banks, and trustees of pension funds and estates to the NHA mortgage field.

The new Act helped attract institutional lending into NHA mortgages, and total institutional mortgage lending increased from \$374 million in 1953 to \$645 and \$874 million in 1954 and 1955, much of the new funding coming from the banks. Institutional lending fell to \$680 million in 1956 and \$517 million in 1957, however, and as NHA interest rates ceased to be attractive, lending under NHA fell dramatically.

"1957 was a year of quest and challenge in housing" began CMHC's annual report with some understatement.<sup>87/</sup> In January the government raised the NHA rate to 6 per cent to combat the withdrawal of institutional funds, but as interest rates on bonds and conventional mortgages continued to increase institutional lending under NHA continued to decline; in March, encouraged by the Bank of Canada, the chartered banks agreed to put \$150 million into housing loans; in

<sup>87/</sup> Central Mortgage and Housing Annual Report, (Ottawa 1958), 7.

April an order-in-council removed the limitation on the loan to size ratio; in August the new Diefenbaker government directed CMHC to extend its own direct lending to home builders, owners and rental investors everywhere, rather than only in centres with under 55,000 people; the amount of capital available was increased from \$250 to \$400 million in December; the amount of loan was increased to 90 per cent on the first \$12,000 and 70 per cent of the balance; and the down payments were reduced. By the end of the year CMHC had invested \$233 million in direct loans, and had provided almost a third of the residential mortgages for 1957.

While the new measures did not arrest the decline in starts in 1957, they helped make 1958 starts a record not broken until 1964. Capital demands slackened elsewhere and made NHA loans more attractive and CMHC direct lending was enlarged by another \$350 million in April 1958. As economic recovery placed new demands on the capital market in 1959 the flow to housing slowed down, and by the last quarter the approved lenders had virtually withdrawn from the NHA field. In December the rate was raised to 6.3/4 per cent, and in March 1960 an additional \$500 million was voted for direct lending, although the ceiling was to be \$175 million for the year. Loans to speculative builders were excluded, and an income ceiling of \$5,000 (raised in the summer and removed in October) was placed on home owner loans.

Housing construction remained well below the 1958 level from 1959 to 1963. In its first annual report the Economic Council observed that the level of new residential construction had been "rather low

over the last five years, not only in relation to past experience in Canada, but also in comparison with recent experience in other countries. Since 1960, new residential construction has accounted for about 3.5 per cent of total output. This is a lower proportion than has existed at any time over the past four decades except during the mid 1930s and the Second World War."<sup>88/</sup> High levels of unemployment and moderate increases in real per capita income were cited as the explanations, and easier financing and higher real incomes as reason why the United States invested about 15 per cent more of total output in housing. In addition, Canada ranked at the bottom of twelve countries on the ratio of housing completions to increase in population between 1950 and 1960. CMHC direct lending declined from 1958 to 1964, and the banks virtually withdrew from mortgage lending between 1960 and 1967, when they were authorized to participate in conventional mortgages and when the nominal ceiling on bank lending rates was removed.

Winter house building incentives, the revival of speculative builder loans, increased direct lending by CMHC, and increased conventional financing stimulated housing construction in 1964-65, although the rate of growth was clearly inadequate. By 1966 a severe housing shortage existed in many parts of the country, both rents and costs of new housing were advancing rapidly, and interest rates for the home builder were the highest in forty years. At the same time

<sup>88/</sup> Economic Council of Canada, First Annual Review: Economic Goals for Canada to 1970, (Ottawa 1964), 63.



towards the end of 1965 pressure on the capital market removed mortgage funding for both conventional and NHA loans, housing, and housing starts fell by a drastic 20 per cent in 1966 and remained below the 1964-65 level in 1967 as increased CMHC direct lending hardly compensated for a 40 per cent decline in institutional lending. The government responded by making the NHA rate more flexible (and in 1969 letting it run free), maximizing the interest rate at 8.1/4 per cent for NHA loans, amending the Bank Act to allow the banks into mortgage lending, and increasing its own lending to speculative builders.

The easing of competing demands for funds, attractiveness of NHA rates (which ran as high as 9.375 per cent by January 1, 1969), effective decreases in down payments, and an additional \$170 million of direct lending (including loans to merchant builders for 6,000 units) in October helped to make 1968 a record year. The 196,878 starts came close to the Economic Councils target of 200,000 a year by 1970.

More important than the improved starts record was the major change in government policy that became clear in 1967-68. Despite a myriad of activities, the main thrust of government policy since 1945 had been assisted home ownership through the provision of mortgage funds through and to the private sector. Announcing a rise in NHA rates in September 1967, however, J. R. Nicholson told the Commons that the rate had been raised "to attract private funds into housing and to enable the government to concentrate its future lending in the important social areas of greatest need, namely, public housing,

housing for elderly people, housing for students and urban renewal...."<sup>89/</sup>

In parliament, as in the press, the government was severely castigated for its housing policy, or lack of it, particularly the escalating costs which made home ownership impossible for large sections of the population or made ownership or rental an excessive burden on an ordinary budget. In December, Ottawa called a federal-provincial conference on housing and urban problems. Opening the conference, Prime Minister Pearson made it clear that Ottawa recognized the primary responsibility of the provinces in the housing field. The federal government was being pressed to limit expenditures in all areas, he observed, and CMHC direct lending was going to be reduced or limited. But when financial resources permitted, Ottawa intended to extend its aid to housing in the following areas: assistance to moderate income families buying or renting accommodation; subsidies for housing in economically depressed areas; financial support for land assembly schemes and the development of planned satellite communities; and assistance for comprehensive planning of urban regions and for the purchase of recreational land and transportation corridors.

The change in emphasis from the residual market-oriented NHA loan programme to support for low income groups did not demand specific changes in legislation. The 1944 Act had reaffirmed loans to limited dividend companies and enabled the federal government to support urban renewal. In 1949 legislation had authorized the federal government to

<sup>89/</sup> Cited in Canadian Annual Review for 1967, 288.

enter agreements with the provinces to provide 75 per cent of the capital costs and operating revenues or losses for the construction and operation of public housing projects. And a major revision of the Act in 1964 had authorized the Corporation to provide direct loans of 90 per cent for public housing projects and share the operating loss on a 50-50 basis; to make a 90 per cent loan for land acquisition and servicing for the project; to loan to non profit corporations owned by a province or municipality for low rental projects; and to broaden the basis for urban renewal programmes.

Before 1967, however, the accomplishment under existing legislation had been modest. Under the 1949 agreements with the provinces only \$171.8 million had been spent on public housing, and \$303 million on low rental accommodation. The dramatic change in policy was reflected in the CMHC expenditures after 1967:

TABLE V <sup>90/</sup>

	Low Rental	Public Housing	Other	Total
1968	80.6	116.1	312.7	509.4
1969	180.2	221.3	229.2	630.7
1970	315.1	251.6	265.5	965.5
1971	214	306.6	125.8	748.3

In 1968 the new Trudeau government appointed a Task Force under Paul Hellyer, the minister responsible for housing, to examine and report on the urban and housing problem. After a whirlwind

<sup>90/</sup> Figures from CMHC Annual Reports.

investigation the Hellyer Task Force tabled its report in January 1969. The recommendations included: easier mortgage financing, lower or no down payments, higher ceilings on NHA loans for new and old houses, abolition of limits on institutional mortgage lending, creation of new mortgaging institutions, longer amortization periods, lessening of property taxes, federal loans for land development by municipalities, end of urban renewal schemes which removed housing from the market, creation of a federal department of housing and urban affairs, and the construction of a "new city" as a pilot project.<sup>91/</sup> Although Mr. Hellyer was soon to resign, convinced that the government was not prepared to tackle the problem in an effective way and persuaded that the Prime Minister's concern for provincial rights was one of the roadblocks in the way of effective federal action, most of the recommendations ultimately found their way into administrative changes or legislation. Indeed, the announcement of his resignation was followed almost at once by legislation which lengthened the amortization period, raised the loan ceiling, extended loans for rehabilitation in urban renewal areas, added condominiums to the list of eligible projects, and extended public housing loans to individuals.

In February 1970 the CMHC was given \$200 million for experimental projects to house low income families, and more liberal rent-to-income

<sup>91/</sup> Report of the Federal Task Force on Housing and Urban Development, (Ottawa 1969).

scale was proposed to the provinces.<sup>92/</sup> In the same year as the evidence of a significant decline in housing starts emerged Mr. Andras funneled another \$100 million into direct CMHC loans for the construction of single family and low rental accommodation. In 1971 an additional \$100 million was authorized for assisted home ownership, using a sliding scale of interest and an extended amortization period. Like the 1970 programme it was designed to assist the \$4-6,000 range of income earners. In 1971, 83.2 per cent of CMHC financial assistance was aimed at low income groups; in 1973 it had increased to 89.7 per cent, although total outlay had fallen from \$748 million in 1971 to \$540 in 1972. Given changes in policy, CMHC's annual report for 1971 could, with some fairness, state:

Housing policy in its present direction is thus becoming more and more identified with social policy. While its conduct, because of the scale and spread of the investments entailed, must always be sensitive to the requirements of government economic policy, its use in the pursuit of short-run economic objectives is becoming more difficult and less convincing. It is more difficult because the social problems to which it is addressed are not subject to significant short-term variations in their importance. And it is less convincing because the main economic impact of construction activities arising out of Federal housing programmes, is tending more and more to take place long after the decision to proceed with the programme projects....

In the long run, economic policy is social policy, and social policy which runs counter to good economic policy is self-defeating. The diminished usefulness of

<sup>92/</sup> See Special \$200 million Low Cost Housing Program: Interim Report, (Ottawa 1971). For an evaluation of the programme see Canadian Council on Social Development, Where the \$200 Million Went (Ottawa, March 1971).

housing policy as an instrument of short-run stabilization tactics does not however, remove its important economic consequences. It merely alters their timing. Whatever the declared objectives of our housing efforts, it will never be possible to pursue them without recognizing that social policy as a whole must operate within realistic economic constraints; that housing policy constitutes only a part of social policy; and that the deployment of Government resources to aid housing activities, in space and time, can never be freed from the general economic and regional distribution considerations which form part of the general public policy context. 93/

The January 1973 Speech from the Throne promised action to provide home ownership assistance to low and moderate incomes, new incentives for non-profit housing, rehabilitation assistance, land assembly programmes to assist in the creation of new communities, and encouragement to investors to put more in housing. A week later the minister of state for urban affairs, Ron Basford, promised \$100 million annually for land assembly, and soon afterwards Ottawa and Queen's Park announced plans for a new town of 100,000 near Ottawa. At the federal-provincial housing conference on January 22-23, Basford promised an annual total expenditure of \$1 billion, and secured agreement in principle to forthcoming federal legislation as well as to the co-ordination of housing programmes and a three year expenditure plan. On March 12 he announced a plan open to all provinces, but initially negotiated with Ontario, whereby a federal-provincial partnership would be formed to lease units in privately owned apartment buildings or town houses and make them available on a subsidized basis to low

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93/ CMHC Annual Report, 1971, 12-13.

income families; to reserve 25 per cent of the units in some non-profit housing for similar purposes; and to experiment in locating some middle income families in public housing projects - all of which was designed to remove the stigma of low income housing and allow a desirable mix of low income families and middle income families.

The major piece of legislation, Bill C-133 to amend the National Housing Act, appeared for second reading on March 14. Describing "good housing at a reasonable cost" as a "social right" Basford outlined the principal features of the new bill: direct subsidies to low income families to enable them to purchase a home for no more than 22 per cent of the family income; 100 per cent loans to non-profit bodies and co-operatives for low income accommodation, as well as direct start-up grants; and the provision of grants for rehabilitation of substandard dwellings. Other aspects of the bill dealt with land acquisition, assistance in the development of new communities, and programmes for neighbourhood improvement.

While taking the most decisive step in its history towards a firm social policy on housing, the federal government also reaffirmed its conviction that the private sector had to bear the brunt of financing normal housing construction. On June 12, 1973, moments after Bill C-133 was passed with all-party support, Mr. Basford introduced Bill C-135 to establish a federal mortgage exchange corporation and encourage the creation of new mortgage investment companies. The Minister informed the Commons that new housing had reached 250,000

units in 1972 and 1973, and would have to maintain that pace to build the 2,400,000 units necessary in the 1970-1980 decade. The bulk of the \$5 billion necessary each year, he observed, would have to come from the private sector to enable the government to continue to place its energy and financial resources into assistance to low income earners and the variety of housing and urban programmes lately unveiled. The mortgage exchange corporation was designed to make mortgages more attractive to institutional investors because of greater liquidity, while the encouragement to new programme investment companies through tax advantages would make mortgage investments available to people who participated as shareholders rather than as mortgage owners and thus entice more private capital into the field. Unlike the earlier bill, Bill C-135 was roundly condemned by Edward Broadbent, the NDP critic, who argued that the history of postwar housing in Canada demonstrated conclusively that the private sector, however encouraged by the state, was not prepared to finance housing at a reasonable rate of profit. Nevertheless, Bill C-135 received final approval in December, and federal government housing policy moved forward to 1974 along both the social and the economic front.

By 1974 every provincial government and most municipal governments in Canada were engaged in some way in the attack on the housing problem. The army was large, and the arsenal a staggering array of real or threatened weapons. Yet despite everything that had been done or promised the Comay Task Force could still report that in Ontario late in 1973 "the need for housing assistance has probably



never been as great in Ontario as it is today.<sup>94/</sup> By 1974 land banking and land control has emerged as the essential beginning to a final solution, and from every pulpit politicians thundered dire warning to the speculators. Meanwhile, in many Canadian cities housing costs rose almost daily to reach levels not only beyond the reach of an increasing number of families with moderate incomes, but almost beyond comprehension. Increasingly also there was a revival of interest in pre-fabrication, in industrialized housing (such as DOFASCO's steel shell), a return to partially owner built housing as in the Maritimes shell or "sweat" housing experiment, and in the rapid growth of the mobile home.

Yet just as local governments initially resisted the whole public housing approach, so too did local governments resist innovation which might break radically from the continuing dream of the single family garden city home. Referring to the regulations concerning lot size, house size, building codes, servicing standards, street and sidewalk widths and other quality controls, the Ontario Real Estate Association suggested to the Comay Task Force that "there are certainly a number of cities and towns in Ontario which are inflicting their champagne tastes on the beer pocketbooks of the house-buying public." The Task Force was sympathetic as it observed that not only was there a widening gap between the housing provided and people's "ability and willingness to pay," but there was also the necessity to provide

<sup>94/</sup> Report of the Advisory Task Force on Housing Policy, (Toronto 1973), 3.

housing which matched not expectations, but needs.<sup>95/</sup>

Canadians were better housed than ever before in their history by 1974, and undoubtedly among the best housed in the world. Paradoxically the housing problem had never seemed so acute, and, to some, so insoluble.

<sup>95/</sup> Ibid.